

Strategies for exercising voting rights

The Lupus alpha Group currently consists of an asset manager and a capital management company (KVG) in Frankfurt. The equity investment funds managed by Lupus alpha KVG give rise to voting rights which we exercise in compliance with the special fiduciary duties towards the investment funds managed by us. In particular, we are aware of the special responsibility, duty of care and loyalty towards the investor. Pursuant to Section 3 (1) KAVerOV in conjunction with Article 37 AIFM-VO, Article 37 AIFM Regulation and on the basis of the organisational instruction on the exercise of voting rights, Lupus alpha has drawn up the following strategies for the exercise of voting rights.

Voting rights at general meetings are exercised for the shareholdings of Lupus alpha Investment GmbH on the basis of Section 94 German Investment Code (KAGB). The voting rights of the outsourcing mandates of Lupus alpha Asset Management AG are the responsibility of the respective capital management company (KVG). As a rule, the third-party KVG exercises its voting rights itself; in individual cases, it assigns its voting rights to Lupus alpha Asset Management AG.

The Portfolio Management (PM) is responsible for deciding on the form of participation in the Annual General Meeting, on the execution of voting rights on the individual agenda items and on the right to information and to speak. Voting rights are exercised by a portfolio manager of the Lupus alpha Group uniformly for the represented funds. As a matter of principle, voting rights are exercised in the interests of our investors and, in addition to the financial interests of the fund, take particular account of ethical, social and ecological points of view.

The decision as to whether to exercise voting rights is based on the expected benefit, i.e. taking into account the weighting of voting rights, the costs incurred and the issues at stake at the AGM, Lupus alpha has set thresholds to define the assets that the portfolio management deals with individually for the AGMs. The voting rights for the assets below the thresholds are exercised in the sense of the management. The following thresholds apply:

- The 20 largest ISINs in terms of AuM; German ISINs are then always actively exercised, foreign ISINs are only exercised if Lupus alpha holds more than 1% voting rights in the ISIN.
- All ISINs with voting rights of more than 1%.

Corporate governance is a particular concern for Lupus alpha. Lupus alpha sees responsible corporate governance as the key to the sustainable value enhancement of its investments.

For Lupus alpha, representing the interests and voting rights of its investors vis-à-vis public companies is, therefore, a high priority. The voting right is one of the most valuable rights of the shareholder and obliges those holding it to use it responsibly. Lupus alpha acts exclusively in the interest of the respective investment fund.

Based on clearly defined criteria, Lupus alpha exercises shareholder voting rights on a fiduciary basis for investors. The shareholder and creditor rights are exercised independently of the interests of third parties and exclusively in the interests of the investors in the respective investment fund.

As a pioneer in the small- & mid-cap sector, Lupus alpha is committed to maintaining an efficient dialogue with the companies. As soon as the company analyses show that active engagement is required, the engagement process starts and Lupus alpha makes use of its voting rights. The regular analyses of the companies in the investment fund thus automatically ensure a focus on the relevant issues.

For more information, please visit our sustainability website <https://www.lupusalpha.de/esg/>.