

# Participation policy declaration of Schoellerbank AG according to Section 185 Stock Exchange Act / as of January 2021

In implementation of the EU Shareholder Rights Directive 2017/828, Section 185 of the Stock Exchange Act requires asset managers as defined in Section 178 number 3 of the Stock Exchange Act 2018 to either publish a detailed participation policy describing how the asset manager incorporates shareholder participation into its investment strategy and the implementation of this policy on its website, or must publish an unambiguous and well reasoned declaration as to why it has decided not to meet one or more of these requirements.

Schoellerbank renders portfolio management services for investors. Under individual asset management mandates, shares that meet the requirements of the investment process and the Schoellerbank StockRating<sup>1</sup> are purchased for customers, and these shares and the issuing companies are monitored on an ongoing basis. The analysis of the companies in which Schoellerbank invests for its customers covers their strategy, financial and non-financial performance, capital structure, social and environmental impacts, valuation, and corporate governance.

In its asset management, Schoellerbank exercises the shareholder rights associated with its mandates and the individual asset positions in the name of its customers. This includes voting and subscription rights related to dividends, capital increases, capital reductions, reorganisation, spin-offs, conversion rights, and other legal proceedings.

However, Schoellerbank exercises no shareholder rights relating to the determination of business strategy. This especially includes participating in the annual general meeting, the exercise of the associated voting rights, and any rights to lodge objections or request information.

The following considerations have led Schoellerbank to the conclusion that representing investor interests at annual general meetings is not practical under individual asset management mandates, meaning that it generally exercises no voting rights or other co-determination rights:

- Based on cost/benefit considerations (proportionality), Schoellerbank exercises no voting rights at the annual general meetings because the proportion of voting rights conferred by the shares in all portfolios managed by Schoellerbank under individual asset management mandates, in other words aggregated rights for all mandates, will not represent a material proportion of the voting rights of all shareholders of the respective company due to the applied diversification measures and will thus have an immaterial effect.
- The contracts for individual asset management concluded between the customer and Schoellerbank include no explicit authorisation to exercise the voting rights conferred by the shares in the portfolios. The processes that would be required to facilitate representation and the exercise of the voting rights at the annual general meetings, including the fact that every individual customer would have to issue a corresponding power of attorney, also contributed to Schoellerbank's decision to generally not act as a representative or exercise the voting and other rights associated with shares.
- Every customer can exercise the voting and other rights conferred by their shares at their own discretion, as the shares managed under individual asset management mandates are also kept in separate customer securities accounts.

If shares are purchased for a portfolio in the name of the customer as the shareholder under individual asset management mandates, Schoellerbank will therefore generally not exercise the voting rights associated with these shares. Schoellerbank will only exercise voting rights in accordance with the customer's explicit instructions and only on the basis of a power of attorney from the customer.

The investment strategies employed in the management of the individual portfolios also include no mechanisms for direct dialogue with the companies selected in implementation of the investment strategy, collaboration with other shareholders, or communication with relevant stakeholders of the companies.

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<sup>1</sup>[https://www.schoellerbank.at/023/medien.nsf/gfx/087A5FBD736B2FC9C125857C0032569F/\\$file/Schoellerbank\\_AktienRating\\_file.pdf](https://www.schoellerbank.at/023/medien.nsf/gfx/087A5FBD736B2FC9C125857C0032569F/$file/Schoellerbank_AktienRating_file.pdf)

Because Schoellerbank conducts no such engagement activities, no conflicts of interest can arise from such engagement activities.

Schoellerbank as an asset manager thus declares that it does not meet all requirements set forth in Section 185 (1) 1 and 2 of the Stock Exchange Act 2018 for the above reasons.

**You should note the following as an investor – important risk disclosure:**

Every capital investment involves risk. The value of the investment and the earnings generated by the investment can change suddenly and considerably and therefore cannot be guaranteed. Currency fluctuations can also influence the performance of an investment. The investor may fail to recover the full amount of capital invested, for example, if the capital is only invested for a short period. Under extraordinary circumstances, it is possible to lose all of the invested capital, including the purchasing fees. Please note that the provided figures and performance information refer to past performance, which is not a reliable indicator of future performance.

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