

Engagement Policy Statement

Vontobel Asset Management

Version 1.0



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About Vontobel

At Vontobel, we actively shape the future. We create and pursue opportunities with determination. We master what we do – and we only do what we master. This is how we get our clients ahead. As a globally operating financial expert with Swiss roots, we specialize in wealth management, active asset management and investment solutions. We empower our employees to take ownership of their work and bring opportunities to life. Because we are convinced that successful investing starts with assuming personal responsibility. We relentlessly question the achieved, striving to exceed the goals and expectations of our clients. The registered shares of the Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families' close ties to the company guarantee our entrepreneurial independence. We consider the resulting freedom an obligation to assume social responsibility as well. As of December 31, 2018 Vontobel held CHF 247.3 billion of total client assets. Around the world and in our home market, we serve our clients from 26 locations.

About Vontobel Asset Management

Vontobel Asset Management is an active asset manager with global reach and a multi-boutique approach. Each of our boutiques draws on specialized investment talent, a strong performance culture and robust risk management. We deliver leading-edge solutions for both institutional and private clients. Our commitment to active management empowers us to invest on the basis of our convictions. We deliver value through our diverse and highly specialized teams. Employing over 400 professionals worldwide – including 170 investment specialists – we operate across 13 locations including Switzerland, Europe and the US. We create strategies and solutions covering equities, fixed income, and multi-asset investments. The goal of achieving excellent and repeatable performance has been fundamental to our approach since 1988. A strong and stable shareholder structure guarantees our entrepreneurial independence and protects the long-term mind-set that guides our decision-making.

1. Introduction and scope

This policy statement details how Vontobel Asset Management (VTAM) approaches shareholder engagement (SE). In particular, it explains the rationale, SE objectives, governance structure and how the policy is implemented.

This policy statement applies to all VTAM entities. Where appropriate, portfolio managers should consider engagement for all investment strategies.

Given VTAM's multi-boutique approach, the level of engagement may vary reflecting the different investment approaches and the difference in client needs.

This policy statement reflects our current SE approach, and we expect that our policy will evolve over time to reflect changes in business practices, business structures, technology, and the law.

2. Monitoring of investee companies

VTAM is an active asset manager and strongly believes in the fundamental analysis and monitoring of investee companies. VTAM's portfolio managers invest in the bonds and equities (or similar instruments) of companies after seeking to gain a deep understanding of a company's business strategy, risks, capital structure, and corporate governance structure.

VTAM is committed to integrating Environmental, Social and Governance factors ("ESG") into the investment processes where appropriate. We believe an effective identification of material ESG risks requires thorough analysis and continuous monitoring. See also the [Vontobel Group Sustainable Investing Policy](#).

VTAM's investment teams have developed research and monitoring models in accordance with the individual boutique investment approaches. The investment teams have access to internal as well as to external ESG data providers and ESG specialists.

3. Engagement with investee companies

VTAM considers engagement to be an important element of its investment activities. As an active manager, VTAM generally prefers to engage with the managements of investee companies directly. VTAM does not have a standalone engagement team. It believes in the direct contact between investee company management teams and investment professionals such as portfolio managers and analysts who have the specific expert knowledge and understanding of the context in which the company has been selected as an investment. In addition, the investment teams have access to proxy voting and engagement service providers to support them in their engagement activities and decision making process.

Reasons to engage with an investee company can include: business strategy, corporate governance issues, change in the capital structure, remuneration issues, identified environmental and social risks.

Engagement includes ongoing communications between the investment team and the management teams of investee companies and can range from ongoing updates and questioning of the current and future business model, to engagement on specific issues that may cover ESG concerns.

In certain circumstances, investment teams may take a more targeted and focused approach, depending on the circumstances and the nature of the situation. Engagement could be escalated through additional meetings with the management and dialogue with the board chairman and non-executive directors.

Where these engagements do not progress in the direction that the investment team believe is in the best interests of shareholders or the shareholding is insufficient for an effective escalation on a standalone basis, other options are considered, including, but not limited to:

- Voting against resolutions at shareholder meetings;
- Collaborating with other institutional investors; and/or
- Selling some or all of the investment in the context of the value proposition of the investment as a whole.

4. Cooperation with other shareholders

In certain cases, VTAM's investment teams may collaborate with other asset managers if they consider it to be in the best interest of investors. This may be by signing up to collaborative shareholder initiatives or joining other asset managers in company meetings.

As a signatory of the Principles for Responsible Investment (PRI) we consider this asset owner driven investor network a good partner for collaborative engagement.

The full list of our memberships and initiatives is available on www.vontobel.com/am.

5. Voting rights

VTAM recognizes that the exercise of voting rights is an important aspect of shareholder engagement, particularly if the holding is material with regard to the outstanding share capital of the investee company and a position in the managed portfolios.

Portfolio managers are ultimately responsible for determining how to vote, within a framework established by the Fund Management Companies of VTAM. To support them, VTAM has engaged proxy service providers in order to have access to their research and recommendations.

The details are described in separate Voting Policies.

6. Management of conflicts of interest

VTAM is aware of potential conflicts of interest when engaging with companies and has measures in place to limit potential conflicts. An important element is the structure of the Vontobel Group itself, which draws a clear line between its investment banking, wealth management, and asset management businesses. In addition, there are policies and controls in place that are aimed at detecting and preventing activities of employees that could cause conflicts.

As an active asset manager, our investment team members may from time to time be in a position to receive material non-public information from companies or their advisers (e.g., through "market soundings" of potential transactions in a company's securities). We are continually seeking to improve trade surveillance framework to reasonably ensure employees are not trading on material non-public or confidential information.

7. Stock Lending

VTAM does not currently engage in stock lending. However, there may be some clients who choose to participate in stock lending programs. For those clients that lend stock, Vontobel will on a best efforts basis recall the stocks on loan in order to vote those shares, if so agreed with the client.

8. Disclosure

VTAM will publish on a yearly basis a Shareholder Engagement Report, outlining its voting history and the use of proxy voting and engagement service providers.

VTAM will also report to its clients on an individual basis.

9. Entry into force

This policy statement enters into force on September 1, 2019.