



Responsible Investment: Proxy voting guidelines

ISIM offers a range of funds which all have their own unique approach to sustainability. Within our funds we can invest direct lines (equities or bonds) or indirectly via investment funds. Portfolio management of ISIM's funds and exercise of the voting rights have been delegated to external Investment Managers. Some of these Investment Managers are part of the ING Group and, hence exercise voting in line with these guidelines. Investment Managers, which are not part of ING Group, may apply their voting policies. However, such voting policies can only be applied if their alignment with ISIM's voting guidelines has been assessed.

Our voting activities are aimed at protecting the economic value of our clients' investee companies. ING has developed a voting policy that is designed to ensure that ING meets its fiduciary obligations to vote proxies in the best interest of its current and future clients.

Corporate governance codes are the basis.

The basis of the voting policy

We recognize that standards of corporate governance differ between markets. The voting policy is based on national - as we expect companies to adhere to the accepted corporate governance standards in their domestic market - and international guidelines aimed at promoting governance of listed companies.

Voting supports our investment goals

The objective of this voting policy is to offer to our clients the best investment experience. The emphasis will be on good investment results in the long term (financial and non-financial), restrained risk and clear reporting & information for all investing clients.

The voting policy aims at enforcing the control mechanisms that counterbalance the interests of the different stakeholders in relation to listed companies. This enforcement should in the long run lead to better financial or non-financial results of the companies in which we invest.

The most important topics for voting

The main topics on the shareholders' meeting

Listed companies provide an agenda for each shareholder meeting. Common topics to vote on at the shareholding meeting include:

- Significant changes in the articles of Association of the company
- Proposals for appointment of Directors and Auditors
- The reservation and dividend policy of the company
- The approval of the executed policy by the Board
- The approval of the supervision exercised by the Supervisory Board
- Significant changes to the corporate governance structure of the company
- The appointment of the auditor.

Shareholders also have the ability to call a special meeting or to put resolutions on the shareholder meeting's agenda. When using this fundamental right, shareholders often submit material environmental and social ('E&S') proposals, for instance relating to the investee company's climate policy, or ask for enhanced transparency on specific topics.

The fulfilment of the policy

The voting approach follows several steps including:

- a) What is the overall investment in the company? What is the stake of ING Funds in the company? The equity interest in the company is considered, but possibly also bonds and indirect exposure via mutual funds.
- b) Do these proposals observe the accepted corporate governance standard guidelines?
- c) What are the Investment Managers' opinions about the (management of the) company? To form an opinion, the financial situation of the company is assessed, then the company's approach to its employees, the environment and society and the sustainability of its business operations.

To determine the voting stance, the following points are taken into consideration:

The voting process consists of four steps

- a) What is the voting procedure at the company's Annual General Meeting of Shareholders (the 'AGM') and how can we execute this process? Are there, for example, any impediments to voting including share blocking?
- b) Do the Investment Managers want to be part of collective engagement, whenever appropriate with like-minded investors on specific proposals?
- c) Would Investment managers like to make their voice heard before the shareholder meeting to the company and public? In this way the Investment Managers can engage with a company on a specific topic beforehand.

Once these steps have been reviewed, the votes are executed. The Investment Managers are recording all the ballots and how they have voted on these ballots.

Once a year, we report on the execution of our voting guidelines. To such extend, we will report on the topics of the meeting and how we voted on these topics. Furthermore, we will give some indication as to why we voted as we voted.

The Investment Managers intend to vote for 100% of the companies invested in the portfolios.

When do we vote and when not?

We will vote when the benefits outweigh the costs

Investment managers aim to execute the voting policy as carefully and efficiently as possible. If there is a disproportion between the cost of voting and the possible impact of our vote, the votes will not be casted. This may be the case, for example, in companies where one must be physically present at the AGM to be entitled to vote, or in instances where the investment in the company is relatively small in comparison to the total assets of the fund. Another impediment for voting could be the necessity of share blocking in some countries, which could hamper the execution of investment decisions.

How do we deal with conflicts of interest

We are aware of possible conflicts of interest

Although we currently do not expect so, it could be that the interests of investors in the funds may conflict with the interests of ING Group, or of the Investment managers. In such cases, the voting is decided on a case-by-case basis. If we would hold a stake in ING Group, then the Investment Manager will abstain from voting at the shareholder meeting. Whenever necessary, we will liaise with the compliance department to determine how we should shape our responsibility as investor in these special cases.

We do not engage in securities lending

No securities lending

Within our Responsible investment guidelines, it suits to act as an active shareholder and to vote at general meetings. By lending out shares to other investors, we lose the ability to vote and influence companies. In addition, this would allow other investors, who do not necessarily share our beliefs to vote at these meetings. Indeed, other investors' voting policy may be contradictory to the voting guidelines of ISIM. For the reasons highlighted, we will not lend out shares. The other way around, we will not borrow shares from others to vote on annual meetings. The Investment Managers may, however, consider getting together with other investors to strengthen the power of our voice. This can be done by approaching other investors directly or via a platform such as the Principles of Responsible Investment (PRI).

Participants in the process have different roles

The different roles in the voting process

For funds managed by Investment Managers that are part of ING Group, ING Investment Office (ING IO)'s sustainable investment team takes the initiative for the realization of the voting guidelines. The actual voting might ultimately be in accordance with and the support of some other parties within and outside ING Group. The subsequent parties will play a role in the following:

- The custodian will provide ING Group with the positions in the portfolios and the upcoming general meetings of shareholders and the ballots to vote.
- The analysts have a shared responsibility for the company analysis and the impact of the votes on the company and stakeholders.
- The ING investment tribe has a shared responsibility for the correct delivery of the voting process.
- The knowledge management team of ING IO has an important role in communicating the results of the voting policy.
- The compliance department of ING will support in the management of conflicts of interests.

What's next?

ISIM's voting guidelines are part of our investment philosophy on responsible investing. As the world changes and financial markets change, our philosophy could adapt. Therefore, on a yearly basis we will evaluate our voting guidelines, and when necessary, adapt them accordingly.

Want to know more?



See <https://www.ing-isim.lu/webisim/content/siteisim/en/home/sustainability.html>

Disclaimer

This document is informing potential investors in ISIM funds about the Voting Guidelines ('Guidelines') applied within the funds it manages. This document is compiled by ING Solutions Investment Management (ISIM) based on the Guidelines established by ING Bank N.V. For further information about any fund managed by ISIM or policies applied by ISIM, please consult the KIID, the Prospectus and the section 'Policies' of the ISIM-website (www.ing-isim.lu).

Before making any investment decision, please read carefully the KIID and Prospectus of the relevant instrument. All documents can be found on <https://www.ing-isim.lu>.

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