



Krane Funds Advisors, LLC ("KFA"), as Investment Manager for the KraneShares ICAV (the "ICAV").

## SRD II Shareholder Engagement Policy

Date: 6 June 2025

### 1. Introduction

In accordance with the requirements under the EU Shareholder Rights Directive (2017/828) ("SRD II") which was transposed in Ireland by the European Union (Shareholders' Rights) Regulations 2020 (SI 81 of 2020), KFA has implemented this SRD II Shareholder Engagement Policy (the "**Policy**") in respect of the ICAV, which may invest in equities that are admitted to trading on a regulated market for the purposes of SRD II.

This document explains how KFA has implemented and will address proxy voting and shareholder engagement for each annual period (the "**Reporting Period**"). This Policy describes KFA's approach with respect to the ICAV to shareholder engagement, voting behavior, an explanation of the most significant votes and the use of proxy advisors.

### 2. Requirements under SRD II

SRD II creates three main requirements in respect of the ICAV:

- Produce and publicly disclose an engagement policy.
- Annual disclosure – which must include a general description of voting behaviour, an explanation of the most significant votes and reporting on the use of the services of proxy advisors.
- Provide reports to 'SRD Institutional Investors'<sup>1</sup> with whom the ICAV has a contractual relationship which outlines:
  - a description of how KFA adhered to its engagement policy,
  - portfolio composition,
  - portfolio turnover, turnover costs, portfolio risks, and
  - whether and, if so, how KFA's investment decisions evaluate financial and non-financial performance of investee companies.

### 3. General Description of Voting Engagement

The ICAV is an Irish collective asset-management vehicle, constituted as an umbrella fund, with segregated liability between sub-funds (each a "**Sub-Fund**"), with registration number

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<sup>1</sup> Defined in the SRD as an EU Life Insurance Company or an EU Occupational Scheme.



C181441 and is authorised by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended). The ICAV may also be offered for public sale in EU Member States in which it is appropriately registered.

As investment manager to the ICAV, KFA has adopted guidelines for exercising voting rights in accordance with its fiduciary duty to act in the best interests of each Sub-Fund within the ICAV ("**Proxy Voting Guidelines**"). KFA assesses and votes proxies in accordance with established voting policies and procedures, which generally follow predetermined guidelines established by Glass Lewis & Co. ("Glass Lewis")<sup>2</sup>. KFA may vote contrary to the Glass Lewis guidelines or abstain from voting if it determines that doing so is in the best interest of the ICAV or a Sub-Fund.

KFA believes these Proxy Voting Guidelines reflect good corporate governance and behavior on several issues pertaining to boards of directors, the ratification of auditors, management and director compensation, anti-takeover mechanisms and related issues, changes to capital structure, mergers and corporate restructuring, environmental and social issues, governance matters, proxy access and global corporate governance.

#### **4. Significant Votes**

SRD II requires disclosure of KFA's voting record in respect of the ICAV, including those which are considered "most significant votes". Rather than selecting and reporting only the "most significant votes", KFA has published a comprehensive record of all votes cast during the year on behalf of each Sub-Fund for the Reporting Period, available at [www.kraneshares.eu](http://www.kraneshares.eu).

#### **5. Use of Proxy Advisors**

KFA has engaged Broadridge Investor Communication Solutions, Inc. ("**Broadridge**") to track and record proxy voting activity in respect of the ICAV through an electronic voting system called "ProxyEdge". KFA uses ProxyEdge to receive notification of upcoming proxy meetings, to process voting instructions, and to maintain records of proxy votes.

KFA has engaged Glass Lewis to serve as an independent proxy advisory firm, providing voting recommendations based on its proprietary research and analysis.

KFA also conducts ongoing oversight of Glass Lewis to ensure they have the capacity and competency to adequately analyze proxy issues. KFA's oversight includes:

- Reviewing Glass Lewis' research methodology and policies.
- Evaluating the adequacy of its staffing and analytical capabilities.

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<sup>2</sup> Glass Lewis serves as an independent, unaffiliated third-party proxy advisory service firm.



- Assessing its conflict-of-interest policies to ensure unbiased recommendations.

KFA retains the discretion to vote contrary to Glass Lewis' recommendations when it determines that doing so is in the best interest of a Sub-Fund within the ICAV.

## **6. Integration of Shareholder Engagement in a Sub-Fund's Investment Strategy**

As the Sub-Fund's are index tracking funds, KFA does not typically engage with any companies in which it invests in, as the Sub-Funds track the performance of indices regardless of the performance of the constituent companies of the relevant index.

## **7. Monitoring of and Dialogue with Index Providers**

An important part of the KFA's investment process is its frequent and on-going engagement with company management teams of investees and attendance at industry conferences. This helps with, amongst other things, the KFA's ESG analysis and effort to advocate for best practices in relation to ESG.

## **8. Conflicts of Interest**

KFA maintains a conflicts of interest policy designed to identify, prevent, and manage actual or potential conflicts in accordance with applicable laws and regulatory standards. The policy includes controls such as independent valuation requirements, transaction rules, and procedures for escalating and disclosing material conflicts to the board of directors when they cannot be adequately managed. These measures are intended to ensure that investment recommendations are made in the best interests of the ICAV and its shareholders, and are not influenced by competing incentives or relationships that could impair objectivity. KFA and/or their affiliates provide a broad range of services and products to their clients and are participants in the global currency, equity, commodity, fixed-income and other markets in which a Sub-Fund invests or will invest. In certain circumstances, by providing services and products to their clients, the activities of KFA and/or their affiliates may disadvantage or restrict the Sub-Funds and/or benefit these affiliates.

## **9. Conclusion**

KFA is committed to exercising its voting rights in a manner that promotes sound corporate governance and aligns with the best interests of each Sub-Fund within the ICAV. This disclosure is reviewed and approved annually by KFA's Stewardship Committee and Compliance Team, to ensure ongoing alignment with our Proxy Voting Guidelines and regulatory obligations.