

Commitment policy and the principles concerning the exercise of voting rights in managed investment funds

Purpose

This policy has been drafted in accordance with the provisions of Law 158/2020 supplementing Law no. 24/2017 on issuers of financial instruments and market operations and GEO 32/2012 on undertakings for collective investment in transferable securities and investment management companies and FSA Regulation no. 9/2014, which require investment management companies to prepare and disclose to fund shareholders information on their commitment policy, describing how shareholders are involved in the company's investment strategy, as well as the principles concerning the exercise of voting rights associated with the financial instruments held in the portfolios of collective investment undertakings.

SAI Erste will act in the best interest of its investors and will observe a strategy of active commitment in the relationships established with the companies in which it invests. Active commitment refers to issuer reviews, a dialogue with company representatives and the exercise of voting rights with a view to benefit from the opportunities arising from investments in managed companies.

SAI Erste will provide fund shareholders with information on the company's commitment policy and the principles concerning the exercise of voting rights associated with the financial instruments held in the managed funds, as well as with all the significant changes thereto.

1. Issuer review

The Investment Department employees will constantly review all the significant developments associated with the companies in which investments are made via the managed funds, including developments in business strategy, performance, financial and non-financial risks, capital structure, social and environmental impact and corporate governance. Reviews include, but are not limited to, the following:

- Reviews of annual and quarterly/half-yearly reports, as well as of Directors' reports and other public disclosures associated with the business of the company under review;
- Balance sheet reviews - detailed reviews of the company's assets and liabilities, as well as of the company's equity position, both in absolute and relative terms;
- Income statement reviews – reviews of the development and composition of the company's operating, financial and extraordinary items of revenue and expenses;
- Key ratio analysis - liquidity and debt ratios, return on equity and assets, working capital requirements, operating margins, interest coverage, net profit margin, etc.;
- Review of other reliable public information – credit rating analysis, etc.;

- Monitoring of compliance with the provisions of the Bucharest Stock Exchange Corporate Governance Code;
- Monitoring and assessment of the company's social, environmental and corporate governance impact, in accordance with the "Sustainability Policy" which is part of the Investment Department's internal procedures.

2. Issuer dialogue

In addition to issuer reviews, the employees of the Investment Department are involved in dialogues with the representatives of the companies where SAI Erste invests, in order to better understand the company's financial and non-financial position. Dialogues with company representatives can take place by way of conferences, teleconferences, on-site visits to company offices, as well as other meetings and events.

3. The exercise of voting rights

➤ General principles

In order to create long-term value and generate sustainable performance, SAI Erste supports the principles of corporate governance and social responsibility. To this end, SAI Erste exercises its shareholder rights in relation to the financial instruments held in the investment portfolios managed by SAI Erste, in line with the investment strategy of each individual portfolio, to the exclusive benefit of investors, and for the purpose of maximising investment value.

SAI Erste's voting rights and its review of the corporate governance principles applied by the companies where SAI Erste makes investments on behalf of the portfolios managed are significant factors in the asset management process. Voting rights are exercised only in the best interest of the portfolios managed, for the purpose of maximising investment value.

Voting rights are exercised within the Investment Division, under the supervision of Management Board members. While exercising voting rights, the employees of the Investment Division will observe the rules set out herein, as well as the applicable regulations in force, in order to take actions/make proposals that are always in the best interest of investors, in line with the investment objectives, investment strategy, and risk tolerance levels of each individual portfolio.

The Investment Division will oversee the corporate actions undertaken by the companies in the portfolios under management, in order to collect the information provided by the said companies to substantiate all the voting proposals.

It is strictly forbidden for both the SAI Erste employees and SAI Erste to derive any benefits from the aforementioned voting rights.

SAI Erste will generally abstain from voting on general current matters, with no material impact on the interests of shareholders and investors. When SAI Erste is of the opinion that it should vote for/against any proposal for the best interest of investors, it should act as such.

In order to assess the voting proposal, the employees of the Investment Division will consider the following, without limitation:

- the decisions subject to voting
- the relevance for each investment portfolio of the decisions subject to voting
- the impact on the company's performance
- the impact on the company's financial position
- the impact on the company's corporate governance
- the cost/benefit analysis of exercising voting rights.

➤ **The actual exercise of voting rights**

As a general rule, SAI Erste will exercise its voting rights directly, as follows:

- by electronic vote or postal vote,
- by proxy, at general shareholder meetings. In certain situations, the exercise of voting rights may encounter difficulties such as: requirements concerning the exercise of voting rights in person or various other requirements which hinder postal voting. Under such circumstances, SAI Erste will perform a cost/benefit analysis.

Voting rights may be exercised by proxy (SAI Erste may decide to authorise a third party for this purpose), the authorised person being required to vote as instructed by SAI Erste. SAI Erste will make sure that the said third party exercises the relevant voting rights as instructed.

SAI Erste will retain the records showing the exercise of voting rights for a period of at least 5 years.

➤ **The principles of the voting policy implemented by SAI Erste**

SAI Erste supports observance of the principles of corporate governance by listed companies, in order to create long-term value for shareholders. The employees of the Investment Division will review each

individual voting proposal/resolution subject to voting and will make proposals for the best interest of investors in the portfolios managed by SAI Erste, based on the information at hand.

The voting principles below apply to the most important resolutions subject to voting in general shareholder meetings which are deemed to have a material impact on shareholders and investors:

1. **Shareholder rights:** SAI Erste supports the equal treatment of shareholders, according to the “one share, one vote” principle and will oppose any action aimed at restricting shareholder rights.
2. **The annual report and financial statements:** The company’s financial statements should disclose the company’s financial position as accurately as possible. When the quality of the information is not adequate, SAI Erste will abstain from voting or will vote against the approval of such financial statements.
3. **Appointment of an external auditor:** SAI Erste is very much aware of the importance of the independence of the external auditor; in the event of reservations concerning the independence of the external auditor, SAI Erste will vote against the appointment thereof.
4. **Management Board/Supervisory Board:** SAI Erste will support a Management Board comprising a sufficient number of independent members to ensure the protection of shareholder interests; also, the remuneration policy applicable to Management Board members should be directly linked to the company’s long-term performance and should be in line with the Management Board members’ liability and the company’s financial position;
5. **Remuneration policy:** The remuneration policy implemented by the Remuneration Committee should take into account the company’s specific financial position as well as the industry’s benchmarks, in accordance with the company’s long-term performance objectives and strategy. Information concerning fixed or variable remuneration granted to the company’s officers should be explicit and in line with the company’s long-term performance objectives and strategy and the general standards applicable on the market.
6. **The company’s equity structure:** Share capital increases should take into consideration the pre-emptive rights of existing shareholders; when new shares are issued with no pre-emptive rights, the company should motivate its action, while the share issuance should not significantly impair the position held by existing shareholders. SAI Erste will vote in favour of share capital increases only to the extent that such increases support the company’s long-term growth. In terms of own share redemption, SAI Erste will vote in favour of such actions only if they are in the best interests of the company’s shareholders.
7. **Mergers and acquisitions:** SAI Erste will assess the benefits of any potential merger and acquisition on a case-by-case basis. SAI Erste will vote in favour of such actions, provided that the following conditions are met:
 - The transaction price reflects the fair value of the company

- The transaction concerned supports the creation of value for the shareholders
 - When the transaction involves affiliates, the company's management should be able to show that there is no negative impact on the company's shareholders
8. **Prevention of conflicts of interest:** All decisions concerning the exercise of voting rights will be made in the best interest of investors in the portfolios managed by SAI Erste. In order to avoid any potential conflict of interest, SAI Erste will generally abstain from exercising its voting rights when the company concerned is an Erste Group affiliate.
9. **Availability:** This Policy concerning the exercise of voting rights for the investment portfolios managed by SAI Erste will be brought to the attention of investors by publication on the SAI Erste official website, the document being subject to regular updates.
10. Details of any action taken pursuant to this Policy will be made available to fund shareholders free of charge, upon request.