

**THE INVOLVEMENT POLICY  
AND PRINCIPLES IN TERMS OF EXERCISING VOTING RIGHTS  
FOR THE FUNDS MANAGED BY SAI MUNTENIA INVEST SA**

**I. THE PURPOSE**

SAI Muntenia Invest SA adopts an Involvement Policy that describes how the fund/asset manager incorporates shareholders'/investors' involvement in its investment strategies.

The purpose of the Involvement Policy is to establish the rules based on which the Fund Manager exercises the voting rights attached to the financial instruments of the funds which it manages and to prove the incorporation by the Fund Manager of shareholders' participation in its investment strategy.

**II. THE SCOPE**

These rules shall be used by the Division for the Analysis of Investment Opportunities and Asset Investing (CAOIPA), the Division for Special Situation Management (CASS) and by the Division for Fund Unit Distribution and Investor Relationship (CDUFRI).

**III. DEFINITIONS AND ABBREVIATIONS**

MI	SAI Muntenia Invest SA
Fund Manager	An investment firm that provides portfolio management services in favour of investors, an alternative investment fund manager (AIFM), as defined in art. 3(2) of Law no. 74/2015, which is not subject to the provisions of art. 2 of that Law, or an investment management company, as defined in art. 4(1) of the Government Emergency Ordinance no. 32/2012, or an investment company authorised in accordance with the Government Emergency Ordinance no. 32/2012, provided that it has not designated an investment management company authorised under the Government Emergency Ordinance no. 32/2012 for its management.
UCI	Undertaking for collective investment
CAOIPA	Division for the Analysis of Investment Opportunities and Asset Investing
CDUFRI	Division for Fund Unit Distribution and Investor Relationship
CASS	Division for Special Situation Management
CO	Operations Division
CSCAN	Division for Net Asset Calculation Strategy

**IV. THE APPLICABLE LAWS**

Law no. 158/2020 amending, supplementing and repealing certain legislative acts, as well as establishing measures for the implementation of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised

securitisation and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU, as well as Regulations (EC) no. 1.060/2009 and (EU) no. 648/2012.

Law no. 24/2017 on issuers of financial instruments and market operations

Commission Implementing Regulation (EU) 2018/1.212 of 3 September 2018 laying down minimum requirements for the implementation of Directive 2007/36/EC of the European Parliament and of the Council on the identification of shareholders, the transmission of information and the facilitation in terms of the exercise of shareholders' rights.

## **V. THE INVOLVEMENT POLICY AND THE PRINCIPLES IN TERMS OF EXERCISING VOTING RIGHTS FOR THE MANAGED UNDERTAKINGS FOR COLLECTIVE INVESTMENT**

MI (hereinafter referred to as the Fund Manager pursuant to art. 92<sup>2</sup>(a) of Law no. 158/2020) has developed and applies the following Involvement Policy in terms of the investment of the UCIs which it manages, in accordance with the provisions of Law no. 158/2020, which requires fund managers to develop and provide fund unit holders/shareholders with information on the involvement policy, describing how shareholders' involvement is incorporated into the investment strategies, as well as the principles regarding the exercise of voting rights related to the instruments held in the portfolios of the managed UCIs.

The MI staff of CAOIPA and CO (according to the internal rules, policies and procedures) are under the obligation to constantly monitor major events occurring within companies from the UCI portfolio under management, through MO, BVB and the internal monitoring application.

Major events occurring within the companies from the UCI portfolio under management shall mean (but shall not be limited to) the following:

- a) Information on the organisation of general meetings and the voting procedure related thereto;
- b) Information on the allocation and payment of dividends, the issue of new shares, including distribution, subscription, waiver and conversion operations;
- c) Information on the appointment by the issuer of a paying agent, by means of which shareholders might exercise their financial rights, unless the issuer provides these services itself.

The scope of the Involvement Policy covers companies that are listed or traded on a regulated market of an EEA Member State (with the registered office in Romania (Law no. 24/2017 – art. 93)).

The Fund Manager, via CAOIPA, CSCAN and CDUFRI, provides information about the implementation of its Involvement Policy, including a general description of its voting behaviour, an explanation of key votes and the use of shareholder representation advisors (where applicable), on its website, depending on the level of involvement (Law no. 24/2017 – art. 101(4) sentence 1). This information shall be included in the annual report prepared by the Fund Manager, and on the website of the Fund Manager.

The Fund Manager, via CSCAN, shall publish information on its exercise of its voting right within the general meetings of issuers in which the UCIs under management hold shares, except for secret ballots according to the legal provisions, ones where it does not hold a stake of at least 50%+1 of the voting rights, as well as ones undergoing insolvency proceedings (Law no. 24/2017 – art. 101(4) sentence 2). This information shall be included in the annual report prepared by the Fund Manager, and on the website of the Fund Manager.

The Fund Manager shall act in the best interest of investors of the managed UCIs and in this regard it shall pursue a strategy of active involvement in dealings with the companies in which it invests in order to improve their potential to create value in the medium and long term and, implicitly, the

risk-adjusted performance for investors, depending on the manager’s influence within the company/the shareholding of the UCI or the share of voting rights held by the UCIs managed within the companies, respectively, and depending on the relative volume of investment/the amount of the investment in such companies or the share of their amount within the assets of the managed UCIs, respectively. The provisions of this paragraph shall be supplemented and correlated with those of all the internal procedures/policies of MI.

The Fund Manager distinguishes three levels of participation in the case of companies covered by the Involvement Policy. The classification in one of the three levels of involvement is performed semi-annually on the basis of the total assets of the UCIs under management.

These three levels of involvement are determined by the following criteria:

- The influence (the holding and/or share of voting rights) within the company and
- The company’s share within the portfolio of UCIs under management.

	<b>The share in the UCI portfolio – no more than 0.1%, inclusive, of the total assets, but not lower than RON 250,000</b>	<b>The share in the UCI portfolio – 0.1% to 5%, inclusive, of the total assets, but not lower than RON 250,000</b>	<b>The share in the UCI portfolio – over 5% of the total assets, but not lower than RON 250,000</b>
<b>Less than 10%, inclusive, of the Issuer’s voting rights</b>	<b>No shareholder involvement</b>	<b>Basic shareholder involvement</b>	<b>Basic shareholder involvement</b>
<b>10% to 25%, inclusive, of the Issuer’s voting rights</b>	<b>Basic shareholder involvement</b>	<b>Basic shareholder involvement</b>	<b>Basic shareholder involvement</b>
<b>Over 25% of the Issuer’s voting rights</b>	<b>Key shareholders’ involvement</b>		

### **No Shareholder Involvement**

In the case of investment in this category, the Fund Manager makes its investment decisions primarily on the basis of publicly available information and market analyses, and it is not involved in the operation and management of the company at an operational or strategic level.

The Fund Manager may decide to exercise its voting right if it believes that the exercise of such right may have a significant impact on the interests of the investors in the managed UCIs. Since, in the case of companies belonging to this category, the vote of the Fund Manager is not of strategic importance, the Fund Manager will not provide information on these votes on its website.

### **Basic Shareholder Involvement**

In the case of investment in this category, the Fund Manager appears in part as a financial investor and in part as a long-term strategic investor, making its investment decisions mainly based on publicly available information and market analyses, but not participating in the operation of the companies at operational level.

In general, it participates in the strategic decisions made within General Shareholders’ Meetings, acting on behalf of the funds, exercising voting rights in person, by power of attorney or via electronic/postal votes. Since, in the case of companies belonging to this category, the vote of the Fund Manager is not (usually) of strategic importance, the Fund

Manager will not provide information on such votes on its website.

The exercise of the voting right shall be prominently carried out in terms of issues that have a financial impact on the activity of the companies/shareholders' interests. In current matters, without any financial impact on the activity of the company/shareholders' interests, if the Fund Manager assesses that it is in the fund's interest not to vote within the General Shareholders' Meeting, the Fund Manager may decide not to exercise the right to vote. If the Fund Manager believes that it is in investors' interest to vote for/against or to abstain from a decision subject to a vote, then it will act accordingly.

In making the decision to exercise the right to vote, the Fund Manager shall also take into account additional elements such as:

- The strategy behind the decision to invest in the relevant company (short-term investment versus long-term investment);
- The administrative or other related costs connected with the exercise of the right to vote;
- The percentage of the share capital/voting rights held.

### **Key Shareholders' Involvement**

The Fund Manager believes that the investment in this category is the investment covered by this Involvement Policy and acts according to the principles set out below:

#### **a. The monitoring of the business pursued by companies within the UCI portfolio**

As an integral part of the investment process, the Fund Manager carefully monitors and examines all issuers that fall within this category, according to the previously established classification for all companies and other issuers. The analysis covers, *inter alia*, the strategy, the financial and non-financial performance and the risk, the capital structure, the social and environmental impact and corporate governance (Law no. 24/2017 – art. 101(3)(a)).

This may include the assessment of its own data and the issuers' market, taking into account the research conducted by analysts, discussions within individual and group meetings, the review of the competition.

In addition to the foregoing, the Fund Manager regularly monitors the financial data and other information published by companies from the portfolio of UCIs and additional information which is relevant to the companies in question.

As part of the sustainability component, the objective is to identify potential risks, in particular with regard to environmental, social and corporate governance factors. The Fund Manager believes that these factors can have a significant impact on the performance of companies in the medium and long term.

#### **b. The dialogue with companies involved in investment**

The Fund Manager deems it crucial to have a dialogue with the companies in which the managed UCIs have investment, e.g. to influence the relevant company to improve its corporate governance practices, to ensure long-term value creation or in any other area of interest identified.

The Fund Manager normally engages in dialogues during meetings with the senior managers of the company, during the annual general meetings and other shareholder events (Law no. 24/2017 – art. 101(3)(b)).

#### **c. The exercise of voting and other rights related to the shares of companies in the UCI portfolio**

The objective of the Fund Manager is to ensure that voting rights are exercised in an informed manner, in accordance with the Procedure for the exercise of voting rights conferred by the

holding of stakes in the portfolios of the entities under management. The Involvement Policy seeks to promote long-term, sustainable and transparent value creation, taking into account the following principles (Law no. 24/2017 – art. 101(3)(c)):

- *Considering shareholders' long-term interests*

The overall objective of the company should be the long-term creation of value in terms of the shares (or for the shareholders). In order to achieve this objective, the corporate governance framework of the company in the UCI portfolio should be established and the senior management of the company should establish a clear strategy for achieving this objective, taking into account all relevant factors and stakeholders.

- *Considering all shareholders' rights*

Companies shall ensure that all shareholders' rights are protected and that shareholders are treated equally, which is achieved in accordance with the principle of one share – one vote. New share issues should seek to minimise the dilution of existing shareholders.

The Fund Manager shall oppose any measure aimed at limiting shareholders' rights.

- *The facilitation of the development of an effective and independent governing body*

The members of the Board of Directors or the Supervisory Board/the Managers/the members of the Managing Board within the company shall have the qualifications, experience and authority required to fulfil their duties.

- *The need to combine the employee incentive structure with shareholders' long-term interests*

The company remuneration structure should be in line with shareholders' long-term interests so as not to limit the company's ability to attract and/or retain professional/responsible employees. Remuneration policies should be clearly and fully disclosed to shareholders.

The remuneration policy promoted by the Remuneration Committee (or some other similar structure) shall take into account the specific situation of the company, the references in the industry, as well as the qualities of the managers/employees whom the management is trying to incentivise.

- *The provision of social, environmental and ethical responsibility*

The Fund Manager encourages companies to submit information on the social, environmental and ethical responsibility, such as labour standards, the commitment to combating climate change and carbon emissions.

The Fund Manager shall generally vote in favour of proposals concerning environmental and social factors that promote responsible corporate activity and improve the long-term value for the shareholders. Moreover, the Fund Manager shall generally vote in favour of proposals requiring companies to report on their policies, initiatives and supervisory mechanisms in terms of environmental and social factors.

**d. The cooperation with other shareholders of companies from the UCI portfolio**

The Fund Manager may cooperate with other shareholders of companies from the UCI portfolio to promote the best corporate governance, risk management, performance or adequacy of disclosed information. Such cooperation may not lead to a breach of any laws, regulatory requirements or recommendations or of the internal rules of the Fund Manager and shall ensure that all shareholders' rights are observed.

Cooperation may normally take place within formal or informal meetings with other shareholders (Law no. 24/2017 – art. 101(3)(d)).

**e. The communication with relevant stakeholders of companies from the UCI portfolio**

The Fund Manager may start a dialogue with the relevant stakeholders within the companies from the UCI portfolio in order to get a clearer picture of the company's financial position and sustainability-related issues. The Fund Manager shall decide on the approach that best serves the interests of investors in the managed UCIs without violating any legislative act or internal regulation. Dialogues with company representatives may take place through direct or indirect contact, visits to the company headquarters, correspondence, conferences and teleconferencing.

Relevant stakeholders include professional working groups, credit rating agencies, public authorities and non-governmental organisations.

## **VI. ACTUAL AND POTENTIAL CONFLICTS OF INTEREST**

All decisions on the involvement and exercise of voting rights shall take into account the best interest of investors in the UCIs managed by the Fund Manager. In the event of potential conflicts of interest in the exercise of voting rights, the Fund Manager shall ensure that investors' interests are not affected. The rules on conflicts of interest set out in legal regulations and the internal procedures of the Fund Manager shall be considered (Law no. 24/2017 – art. 101(3)(e) and art. 101(7)).

## **VII. THE AVAILABILITY OF THE POLICY**

A copy of this Policy shall be made available to share/fund unit holders, at their request. Alternatively, the Policy may be checked on the [www.munteniainvest.ro](http://www.munteniainvest.ro) website.

The Fund Manager shall publish information annually on how the Involvement Policy has been implemented, including a presentation of the work done in terms of the exercise of voting rights, in accordance with the provisions hereof.

## **VIII. THE UPDATE OF THE POLICY**

This Policy is valid indefinitely, as long as there are no changes or updates to the rules established by it. It shall be reviewed on an annual basis or whenever there is any material change that affects the ability of the Fund Manager to act in accordance with investors' best interests.