



Drive for
performance

**Involvement Policy
and principles regarding the
exercise of rights in companies
from EVERGENT
Investments'
Portfolio**

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Involvement Policy and Principles regarding the Exercise of Vote Rights in companies from EVERGENT Investments' Portfolio

1. General Policy

The present policy has been prepared in accordance with the provisions of art. 101 Law no. 24/2017, republished, on the issuers of financial instruments and market operations, in agreement with the Memorandum of Association, Corporate Governance Code and Internal Regulations of EVERGENT Investments.

The field of application of the *Involvement Policy* targets the issuers that are the public or private law legal entities headquartered in the European Union, whose shares are admitted to trading on a regulated market in the European Union.

Through “involvement” EVERGENT Investments we understand:

- a) The monitoring of relevant aspects concerning issuers, including the strategy, performance and financial and non-financial risks, capital structure social impact including impact on the environment and corporate governance;
- b) Dialogue with the issuers;
- c) The exercise of vote rights and other rights related to the shares, for the purpose of capitalizing on the rights resulting from the investment in portfolio issuers;
- d) Cooperation with other shareholders, communication with relevant interested parties within the issuers;
- e) Management of real and potential conflicts of interests related to EVERGENT Investments' involvement.

EVERGENT Investments shall act in the best interest of its investors and shall follow an active involvement in relation with the companies it invests in, for the purpose of improving their potential and increasing the average and long term value, and implicitly of risk adjusted performance for its investors. Through involvement we understand monitoring, dialogue with the representatives of the company and exercise of vote rights, for the purpose of capitalizing on opportunities and rights resulted from the investments in these companies.

EVERGENT Investments provides shareholders with information on the involvement policy and principles regarding the exercise of vote rights related to the instruments held in the managed portfolios, as well as their major modifications.

2. Monitoring of Companies

EVERGENT Investments diligently and consistently monitors relevant aspects related to the issuers it invests in, including the strategy, performance, financial and non-financial risks, capital structure, social impact and impact on the environment as well as corporate governance, in accordance with legal provisions and applicable internal regulations.

Relevant aspects are those susceptible to significantly influence the ability of the company to create long-term value and include financial aspects and aspects related to sustainability.

Financial analysis may also consider quantitative and/or qualitative criteria, without being limited to them, such as:

- In the quantitative criteria category we have indicators such as: “*price to earnings ratio*”, “*price to book ratio*”, “*Enterprise value/Earnings before interest, taxes, depreciation and amortization*”, capital return, return and sustainability of dividends, level of indebtedness, capital and liability costs, operating margins, profitability margins, etc. ,
- In the qualitative criteria category we have information such as: shareholding structure, management quality, corporate governance code, strategy and perspectives of the company, transparency, field of activity, relevant market, competitiveness, etc.

For sustainability, the analysis may take into consideration the way in which issuers proceed to identify potential risks, especially those related to environment and social factors, as well as those regarding corporate governance that may have a significant impact on the average and long-term performance of companies. At the same time, the analysis may also target the way in which those issuers insure the transparency of these components, and the extent to which they manage the impact of these factors on the activity of the company.

3. Dialogue with the Issuers

Besides the information obtained through direct analysis and research, EVERGENT Investments enters into dialogues with the representatives of the company for the purpose of getting a clear image on the financial position of the company and main aspects related to its activity, including, depending on the case its durability component. The dialogues with the representatives of the company may be through direct contact, visits at the headquarters of companies, conferences and teleconferences.

4. Exercising of Vote Rights

As Alternative Investment Fund, of the investment companies type - F.I.A.S., Retail Investor Alternative Investment Fund –R.I.A.I.F. with a diversified investment policy, closed-end, self-managed, EVERGENT Investments exercises its vote rights corresponding to its holdings in the managed companies, in accordance with the investment objectives and strategy of each portfolio.

The exercise of vote rights and assessment of the corporate governance code adopted by the issuers in which EVERGENT Investments invests represent the important elements of the investment process.

4.1 General Principles

EVERGENT Investments acts honestly, correctly, professionally and diligently, in accordance with the best interests of its shareholders and in accordance with the principles of professional ethics established by legal regulations in force, its own Corporate Governance Code and established practices in the field.

Internal analysis for vote substantiation is made based on a procedure entitled „*Exercising the duties of EVERGENT Investments as shareholder in companies in the portfolio*”, the procedure that governs the obtaining and analysis of materials provided to shareholders, in order to identify the best representation solution, for the purpose of protecting the Company’s interests. Proposals are transposed in representation mandates, special proxies or vote ballots through correspondence approved by the deputy CEO or CEO.

Thus, in accordance with best practices and provisions of Corporate Governance Code, EVERGENT Investments supports, in principle, the proposals of the directors of companies in the portfolio regarding: name change; change of the headquarters on national territory; stock listing; setting the venue and date for the annual general meeting; discussion of the financial statements; setting the dividend and its payment date; approval of the adequacy of the methods for keeping the accounting records; appointment of internal and/or external auditors.

At the same time, on justifying and exercising vote rights, information delivered by the company on its website or the website of the regulated market on which it is listed, analysis made within the portfolio, assessments of other analysis in the market targeting that company, as well as academic studies in the field are also taken into consideration.

EVERGENT Investments has set and applies policies and procedures regarding the time and method of vote right exercise related to the instruments held in managed portfolios.

The strategies foresee measures and procedures for:

- a) monitoring of relevant action on the level of companies;
- b) insuring vote rights exercise in accordance with EVERGENT Investments’ investment objectives and policy;
- c) prevention or management of any conflicts of interest resulting from vote rights exercise.

The exercise of shareholder attributions granted by Law no. 24/2017 on the issuers of financial instruments and market operations and FSA Regulations is done directly or through proxies in the General Meetings of Shareholders.

EVERGENT Investments has setup procedures for the activity regarding *the exercise of EVERGENT Investments’ attribution as shareholder in companies in the portfolio*, the procedure includes the general framework of operations regarding:

- 1) the preparation of special proxies entered between EVERGENT Investments as Represented Party and its Representative in the General Meeting of Shareholders. In the exceptional case when representation is insured by external collaborators, based on a general proxy, EVERGENT Investments grants is abiding by incidental legal provisions;
- 2) the main analysis elements for the convening notice of General Meetings and all materials related to the agenda –aspects related to form, the legitimacy and compliance with the memorandum of association, as well as previous resolutions of the general meeting of shareholders, as well as aspects related to substance, concerning the topics in the convening notice, from the point of view of the interest for the company and for the shareholders;
- 3) preparation of GMS participation: analysis of the documentation and information provided to shareholders and justification of the vote option;
- 4) the issue, depending on the case, of the proxy or vote through correspondence ballot, abiding by legal provisions;
- 5) participation to GMS – is made using any of the participation and representation forms for the exercise of vote, foreseen by the law in force and in agreement with the provisions of the issuers’ memorandum of association.

EVERGENT Investments assesses its vote right following an informed decision, grounded on the documents and information obtained.

The implicit position is to vote “*for*” for the proposal of the Boards of Directors of companies in the portfolio if these are justified, abide by the social interest manifested in the company’s object of activity, and the social benefit is substantiated by the management of the company. Depending on the topic presented for discussions and under real information and opportunity conditions, for which the shareholders’ votes are requested, following the analysis made by the specialized departments, our vote can be “*abstain*”, “*against*” or non-participation if the adoption of these positions is necessary given the general policy and interest of EVERGENT Investments or are generated by the lack of accurate, full and pertinent information.

In case that based on the professional reasoning and taking into consideration the concrete situation of that particular company, it is considered that the involvement of shareholder EVERGENT Investments in GMS is not necessary, given conjuncture and general policy interests of EVERGENT Investments, it will be suggested that shareholder EVERGENT Investments should not participate in GMS, and the information regarding resolutions adopted and conducting of GMS will be obtained at a later date.

Examples (not limitative) of situations that may justify the non-participation proposal:

- Lack of certain relevant information that allow making a decision regarding the operation presented for approval;
- Contradictory or unclear information, that might manipulate shareholders’ will;
- Strategic decisions, including legal strategies to protect the interest of EVERGENT Investments.

In exercising its vote rights, EVERGENT Investments takes into consideration the principles presented in the policy, which in its vision have the purpose to favour decisions contributing to the maximization of the issuer company's value and contributes to the avoidance of conflicts of interest.

These principles reflect the conviction of EVERGENT Investments according to which, a solid *Involvement Policy* insures the proper framework for the management of the issuing company, in the interest of its shareholders.

4.2 Main resolutions presented for vote

The principles presented below target the most important resolutions submitted for vote during the General Meetings of Shareholders, such as:

- ✓ Shareholders' rights;
- ✓ Annual report and financial statements;
- ✓ Appointing the financial auditor;
- ✓ Election of the members of the Board of Directors or Supervision Council;
- ✓ Remuneration Policy;
- ✓ Measures regarding the company's capital structure;
- ✓ Mergers and acquisitions;
- ✓ Proposals with social and environmental impact.

Given that corporate governance is a complex field, constantly evolving, the principles presented within the policy are general guidelines they do not propose an all-encompassing approach to all aspects that might interfere with a company's governance.

EVERGENT Investments will analyse each resolution submitted for vote from case to case and based on the available information make the decision it considers that best suits its shareholders' interests.

4.2.1 Shareholders' Rights

EVERGENT Investments supports the equal treatment of all shareholders, according to the "*one share, one vote*" principle.

EVERGENT Investments will oppose any measure with the purpose of limiting shareholders' rights. For this purpose, EVERGENT Investments will oppose any measures with the following purpose:

- ✓ Elimination or restriction of shareholders' right to request the convening of extraordinary meetings of shareholders;
- ✓ Limitation of shareholders' vote rights;
- ✓ Issue of preferential shares with higher vote right;

- ✓ Limitations of shareholders' right to revoke the management of the company in case of infringement of the law, or in case it acts against shareholders' interest.

At the same time, EVERGENT Investments will support:

- ✓ Vote confidentiality and the setup of independent committees for vote counting;
- ✓ Facilitation of vote casting by shareholders, including through electronic means.

4.2.2 Annual Report and Financial Statements

Individual statements should reflect the financial position of companies with maximum transparency. In case the auditor's opinion is reserved, or in case the financial statements do not present the company's financial position in detail, EVERGENT Investments shall abstain or vote against the approval of the company's financial statements.

4.2.3 Appointment of the Financial Auditor

The auditor has the task of objectively verify the annual financial statements and therefore it should be an entity independent from the audited company.

In case the audit company supplies other services to the company as well, the shareholders should be informed about it and the situation should be justified.

In case EVERGENT Investments has reserves concerning the auditor's independence, it shall vote against its appointing.

4.2.4 Election of the members of the Board of Directors or Supervisory Council

EVERGENT Investments shall support the appointing of directors who stand out through their professional qualities and impartiality. For this purpose, in assessing the candidates for the position of member in the Board of Directors or Supervisory Committee, EVERGENT Investments shall analyse their detailed CV, experience, good reputation, relationship with the company and field of activity, as well as the objectives they have set.

EVERGENT Investments shall support:

- A Board of Directors that contains a sufficient number of independent members to guarantee the protection of shareholders' interests;
- A remuneration policy for the directors that is directly connected to the company's long-term performance and is in agreement with the responsibilities of directors and financial statement of the Company;
- The setup of independent audit, remuneration and appointing committees;
- The members of the company's bodies should reflect the company's shareholding.

EVERGENT Investments shall vote against any discharge of office of directors in case there are reserves regarding their performance, or in case there is proof of their infringement of legal provisions.

EVERGENT Investments shall consider voting "*for*" cumulative vote – for the protection of minority shareholders- every time it is possible.

4.2.5 Remuneration Policy

EVERGENT Investments supports a remuneration policy that properly rewards and motivates the management of the companies and that is aligned with shareholders' interests.

The remuneration policy promoted by the Remuneration Committee (or a similar structure) should take into account the specific situation of the company, references in the industry, as well as the quality of the executive managers that management tries to motivate. Variable payments should be strictly connected to the company's general performance.

EVERGENT Investments shall not support bonuses that are not related to the performance of the company or management on qualitative and/or quantitative criteria, depending on the case.

At the same time, the Remuneration Committee should prevent contract agreements that give directors or executive managers the right to significant rewards in case of anticipatory cease of the administration or management contract.

Rewards offered to the members of the Board of Directors or members of the Supervisory Committee should be granted in such a way so as not to affect their independence or align them too tightly to the interests of management that they supervise, according to incidental legal provisions.

4.2.6 Measures regarding the company's capital structure

EVERGENT Investments shall vote in favour of share capital increases, only to the extent that they serve for the company's long-term development.

EVERGENT Investments shall consider voting "*against*" share capital increase through contribution in kind, or share capital increase without the granting of preference right to shareholder, and without an independent assessment of contributions – other than in cash.

EVERGENT Investments shall vote in favour of treasury shares buy-back programs for companies, only to the extent that these correspond to the shareholders' best interests.

In case share buy-backs serve as defensive measures or have the purposes of strengthening the position of the management of the company, EVERGENT Investments shall vote against such measures.

4.2.7 Mergers and Acquisitions

EVERGENT Investments shall individually assess the benefits of such transactions and vote in favour of mergers and acquisitions provided that:

- Transaction price accurately reflects the value of the company;
- The suggested transaction contributes to value increase for shareholders;
- There is a long-term strategy that proves the benefits of that merger or acquisition;
- In case the transaction includes affiliates, the Board of Directors should prove that it does not affect shareholders' interest.

At the same time, EVERGENT Investments shall vote „*against*” any proposal that has the purpose of strengthening the position of the company’s management to the detriment of shareholders. .

4.2.8 Fixed income instruments

Vote decision in case of fixed income instruments shall be made following the assessment of the particularities of the resolution submitted for vote and shall focus on the best interest of shareholders and investors.

At the same time, EVERGENT Investments shall verify if bonds issue perspectives foresee measures that contribute to the protection of investors’ rights.

4.2.9 Proposals with social and environmental impact

EVERGENT Investments considers that environmental and social factors may have a significant impact on the long-term performance of companies.

For this purpose, EVERGENT Investments analyses the proposals and informative materials submitted by the issuer focusing on the extent to which the management team manages the impact of these factors on the activity of the company, including through a high degree of transparency in this field (for example, by publishing certain durability reports, policies on durable investment policies).

Aspects related to environment and social factors presented to the shareholders by the issuers and submitted for the shareholders’ vote may be subjected to general analysis of they are presented by the issuer as having a significant impact on it, taking into consideration the information supplied by the company.

In principle, EVERGENT Investments shall vote in favour of proposals regarding environment and social factors that promote a responsible corporate activity and improve the long-term value of the company, in the shareholders’ interests. This decision is conditioned by the method of presentation and justification of these decisions and the existence of a real, quantifiable benefit for the company.

At the same time, EVERGENT Investments shall vote in favour of proposals requesting companies to report on policies, initiatives, and its supervision mechanisms for environment and social factors.

4.3 Vote Casting

In general, EVERGENT Investments casts its vote directly, either through proxy within the general meetings of shareholders, or through electronic vote or vote through correspondence, in accordance with legal provisions in force.

In certain situations, the vote casting may involve logistic challenges that affect the ability of EVERGENT Investments to cast its vote, such as: requirement to cast the vote in person, or various requests that make vote through correspondence difficult. In these circumstances, EVERGENT Investments shall assess the benefits of vote casting in relation to associated costs.

EVERGENT Investments shall keep a record of the vote casting method within issuers, for a period of 10 years.

5. Cooperation with other Shareholders

EVERGENT Investments does not rule out one-off collaboration with other shareholders in issuers in which it has made investments to promote better corporate governance, more efficient risk management, improved transparency and performance standards.

EVERGENT Investments shall decide on the approach that best serves investors' interests, abiding by legal provisions, procedures and other internal regulations.

For example, EVERGENT Investments can cooperate with other shareholders when its holding in an issuer is under the 5% necessary to add items on the agenda or convene General Meeting..

One-off collaborations with other shareholders do not automatically imply that this collaboration is permanent and/or could generate a concentrated action.

At the same time, EVERGENT Investments permanently carries out its own assessment regarding the vote that is to be cast, and it represents its own adopted decision, in the interest of its own shareholders. A possible similarity of the vote cast by EVERGENT Investments within issuers does not represent an alignment with the vote cast by other shareholders of the same issuer.

At the same time, the reproduction of the conduct and/or vote of other shareholders within the issuer does not imply a coordination of EVERGENT Investments with the respective shareholders.

6. Communication with the Issuers' Representatives

In accordance with item 3 of the present Policy, EVERGENT Investments may start a dialogue with the representatives of companies in which investments were made, with the purpose of gaining a clearer image of the company's financial position and its activity, without ignoring aspects related to sustainability.

EVERGENT Investments shall decide on the approach that best serves the shareholders' interests, without infringing any law or internal regulation. Dialogues with the representatives of companies may be through direct or indirect contact, visits to the headquarters of companies, conferences and video conferences, correspondence, informative or promotional materials.

The request for data and information within the communication operations with issuers' representatives are limited to public data and information, EVERGENT Investments being entitled to consider that for all this information, the issuer has insured the notification of all shareholders in an equal and non-discriminatory manner. Therefore, it cannot be presume that EVERGENT Investments has implicitly undertaken the obligation to insure the confidentiality of this information.

7. Conflicts of Interest

All decisions related to involvement and exercise of vote rights by EVERGENT Investments in the issuers it invested in, shall consider the best interests of EVERGENT Investments' shareholders.

In case there is a possible conflict of interest in the exercise of vote rights by EVERGENT Investments in the General Meetings of issuers in the portfolio, we shall make sure that the interests of our own shareholders are protected. We shall consider the norms on conflicts of interest foreseen by legal provisions and internal regulations of EVERGENT Investments.

On the level of EVERGENT Investments, as issuer and authorized AIFM, *Policies and Procedures regarding the Prevention of Conflict of Interest* are defined, in agreement with applicable legal provisions. Through specific instruments and mechanisms, we target the pro-active identification of possible situations with significant risks to prejudice EVERGENT Investments' shareholders, in order to adopt the best preventive measures.

The policy regarding the prevention of conflict of interest may be accessed on the website of EVERGENT Investments, www.evergent.ro in the Corporate Governance section.

8. Update of Involvement Policy

Every time EVERGENT Investments will consider it to be necessary and appropriate, the present Policy will be subjected to revisions, the results being communicated to shareholders, according to legal provision's in force. The policy shall be reviewed every time there is a significant modification, in accordance with the best interest of shareholders, the updated version always being displayed on the company's website.

9. Policy Availability

The Involvement Policy and Principles regarding the exercise of vote rights in companies may be accessed on the website of EVERGENT Investments, on www.evergent.ro under the Corporate Governance Section.

The present Policy is added the provisions in the Corporate Governance Code of EVERGENT Investments.

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