

Engagement policy and principles on exercising the voting rights for the portfolio under the management of

- SIF Banat-Crişana -

CONTENTS

1 PURPOSE OF THE POLICY	2
2. MONITORING OF ISSUERS	2
3. DIALOGUE WITH THE ISSUERS.....	3
4. EXERCISING OF VOTING RIGHTS	4
4.1 General principles.....	4
4.2 Exercising the vote.....	4
4.3 The principles of the voting policy adopted by SIF Banat-Crişana	4
5. COOPERATION WITH OTHER SHAREHOLDERS.....	7
6. MANAGEMENT OF ACTUAL AND POTENTIAL CONFLICTS OF INTEREST RELATED TO SIF BANAT-CRIŞANA'S ENGAGEMENT	7
7. UPDATE OF ENGAGEMENT POLICY	7
8. AVAILABILITY OF ENGAGEMENT POLICY	8

1. PURPOSE OF THE POLICY

This policy has been prepared in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished, amended and supplemented, and EU Directive 828/2017 amending EC Directive 36/2007 as regards the encouragement of long-term shareholder engagement, and considering the provisions of SIF Banat-Crișana's Articles of Association and internal regulations.

The aforementioned rules require alternative investment fund managers (AIFMs) to prepare and make public information on the engagement policy, describing how the shareholder engagement in investment strategies is integrated, policies for the management actual or potential conflicts of interest, and the principles regarding the exercise of voting rights related to the instruments held in the portfolio of funds under management.

The purpose of the engagement policy is to establish the rules under which SIF Banat-Crișana exercises the voting rights attached to the financial instruments held in its portfolio and to determine how it incorporates shareholder participation into its investment strategy. The scope of the engagement policy concerns the issuers of financial instruments held in SIF Banat-Crișana portfolio which have their registered office in the European Union and whose shares are admitted to trading on a regulated market.

SIF Banat-Crișana will act in the best interest of its shareholders and will pursue a strategy of active engagement as regards to the issuers of the financial instruments in which it invests, to improve their potential to create medium-and long-term value and implicitly the risk-adjusted performance for its investors depending on the influence of SIF Banat-Crișana within the issuer and the relative volume of investments. Active engagement means the monitoring of issuers, the dialogue with company representatives and the exercise of voting rights to capitalize on the opportunities and rights arising from the investment in the companies in the portfolio.

The engagement policy describes how SIF Banat-Crișana:

- a) monitors the relevant matters related to the issuers in which it has invested, including strategy, performance and financial and non-financial risks, capital structure, social and environmental impact, and corporate governance;
- b) has dialogues with the issuers in which it has invested;
- c) exercises voting rights and other rights related to the shares;
- d) cooperates with other shareholders and communicates with relevant stakeholders in the issuers in which it has invested;
- e) manages the actual and potential conflicts of interest related to the engagement of SIF Banat Crișana.

SIF Banat-Crișana provides investors with information on the involvement policy and the principles regarding the exercise of voting rights related to the instruments held in the managed portfolio, as well as its important changes.

2. MONITORING OF ISSUERS

The company has an internal organizational structure responsible for the investment process - the Investment Office - which ensures the substantiation and support of investment decisions, the permanent monitoring of issuers in the portfolio and the representation of SIF Banat-Crișana in the general meetings of shareholders of issuers in the portfolio.

SIF Banat-Crișana monitors the relevant matters related to issuers in the portfolio, including strategy, performance and financial and non-financial risks, capital structure, social and environmental impact, and corporate governance.

Are considered as relevant events the matters that are likely to significantly impact the company's market value and include both financial aspects and matters regarding environmental, social and corporate governance factors, which could have a significant impact on the performance of companies in the medium term and long.

The employees of the Investment Office constantly monitor the important events that occur at the level of the issuers in the portfolio. This monitoring includes, but is not limited to, the following:

- a) information on the arranging of general meetings of shareholders and other holders of financial instruments, as appropriate;
- b) information on the distribution and payment of dividends, coupons, the issuance of new instruments, including distribution, subscription, waiver and conversion operations;
- c) information on the appointment of a paying agent, through which shareholders can exercise their financial rights;
- d) information regarding the change of the shareholding structure or the management of the issuers;
- e) information regarding the change of the constitutive acts of the issuers;
- f) analysis of the annual / half-yearly / quarterly reports, as well as the reports of the board of directors and other available communiqués related to the activity of the analysed company;
- g) analysis of the financial statements;
- h) analysis of other reliable public information - rating analysis, etc.;
- i) monitoring the status of compliance with the provisions of the corporate governance principles applicable to the trading venues where the instruments issued by the companies in the portfolio are traded;
- j) monitoring the sustainability components to identify potential risks, in particular regarding environmental, social and corporate governance factors, based on the information published by the issuers, as per the legal provisions.

The monitoring of the companies in the portfolio is carried out in accordance with the provisions of the internal procedure regarding the monitoring of investments.

The employees of the Investment Office have the task of monitoring the corporate events occurring for the issuers in the portfolio. At the same time, they have the task of collecting the information necessary to substantiate the voting decision. Investments in financial instruments are made in accordance with the objectives of the investment strategy and in compliance with the annual activity programs presented and approved in the general meeting of shareholders.

Shareholders are informed through periodic (quarterly, half-yearly, annual) reports on the progress of the value of the financial asset portfolio and the investments made. The periodic reports present both the monthly evolution of the net asset value and the detailed statement of investments. All these reports and statements are available to all investors on company's website.

3. DIALOGUE WITH THE ISSUERS

Besides monitoring of issuers, the employees of the Investment Office discuss with the representatives of the issuers in their portfolio to get a clearer picture of the company's financial and non-financial position, including aspects related to sustainability.

Dialogue with company representatives can take place through company headquarters visits, conferences, teleconferences, written correspondence, other meetings, and events.

4. EXERCISING OF VOTING RIGHTS

4.1 General Principles

SIF Banat-Crișana seeks to ensure, in an informed manner, the exercise of voting rights held in issuers in the portfolio in accordance with the objectives and investment policy approved by the Board of Directors, for the benefit of SIF Banat-Crișana and its investors and to maximize the investment value.

In the context of the new applicable regulations, SIF Banat-Crișana supports the companies in which it is at least a significant shareholder to include sustainability in their business strategy, to integrate the risks related to sustainability, to consider the negative effects on sustainability and sustainable investment objectives or on the promotion of environmental or social characteristics in the business decision-making process.

The necessary formalities and steps to prepare for the exercise of the voting right are carried out within the Investments Office, under the coordination of the responsible executive directors. In the activity of exercising voting rights, the employees of the Investments Office will comply with the rules established by the regulations in force, this policy, as well as the internal rules and procedures, in order to always act/make proposals in the best interest of SIF Banat-Crișana, in compliance with the objectives, the investment strategy and the portfolio risk limits.

The corporate events taking place at the level of the companies in the portfolio are monitored by the Investment Office, by collecting the information communicated by the issuers, necessary to substantiate the voting proposal.

The employees of SIF Banat-Crișana shall comply with the internal policies and procedures in order to prevent or manage any conflicts of interest that may arise from the Company's exercise of voting rights.

The employees of the Investments Office will undertake in due time all the steps necessary to take the internal decision regarding the exercise or not of the voting right in the issuers in the portfolio, especially with regard to decisions with an impact on the activity of the respective issuers, as well as on the interests of SIF Banat-Crișana, taking into account the stake held in those issuers.

In current matters, without material impact on the company's activity / shareholders' interests, in case of small holdings or in case SIF Banat-Crișana considers that it is in its interest not to vote in the GMS, SIF Banat-Crișana may decide not to exercise the voting right. If SIF Banat-Crișana considers that it is in the interest of investors to vote for / against a decision subject to voting, then it will be acted accordingly.

In exercising its voting rights, SIF Banat-Crișana will consider the principles set out in this policy, which in its view, aim to promote decisions contributing to maximization of issuer's value and contribute to avoid conflicts of interest.

The decision to exercise / not to exercise the voting right will be taken based on factors such as:

- (i) The country in which the issuer has its registered office;
- (ii) The strategy on which the decision to invest in the instruments issued by that issuer was based on (e.g. short-term investments, long-term investments);
- (iii) Administrative costs or any other related costs;
- (iv) Percentage of share capital / voting rights held.
- (v) Possible effects / consequences of the of the decisions related to the items on the agenda.

In all cases in which it exercises the voting right, SIF Banat-Crișana's employees will analyse / assess each resolution submitted to the vote, especially observing:

- (i) how it affects the issuer's assets;
- (ii) how it affects the issuer's financial and non-financial performance;
- (iii) how it affects the rights and interests of SIF Banat-Crișana and other holders of financial instruments;

(iv) the impact on social and environmental factors as well as those related to corporate governance structures within issuers;

(v) possible conflicts of interest arising from the interests of the persons of the management structures within the issuers as well as those of other holders of financial instruments, their affiliates / subsidiaries / group companies.

SIF Banat-Crișana will analyse on a case-by-case basis each resolution submitted to the vote, aiming that based on the available information to take the decision that best serves the interests of SIF Banat-Crișana. If SIF Banat-Crișana considers that it is in its interest to oppose a decision subject to a vote, it will vote against the proposed resolutions. In principle, SIF Banat-Crișana will oppose any measure aimed at eliminating/limiting the rights of shareholders (e.g. restricting the right of shareholders to request the convening of shareholders' meetings, to request the completion of the agenda of convened meetings, the restriction of the voting right, etc.).

4.2 Exercising the vote

Generally, SIF Banat-Crișana exercises the voting rights using any of the forms of participation and representation in the general meetings provided by the legislation in force and the issuers' articles of association, as follows, as follows:

- direct participation through legal representative;
- using electronic or mail voting;
- by representation (general / special empowerment) at the general meetings of shareholders.

In certain situations, the exercise of the voting right may involve difficulties, such as: the requirement to exercise the vote in person or various requests making it difficult to vote by mail. In such situations, SIF Banat-Crișana will evaluate the benefits of voting in relation to the associated costs.

Voting can also be exercised by proxy/empowerment, with the obligation of the proxy to vote according to the instructions given by SIF Banat-Crișana. SIF Banat-Crișana will make sure that the third party will exercise this voting right in accordance with the instructions given.

SIF Banat-Crișana will keep a record of the manner of exercising the voting rights for a period of at least 5 years.

4.3 Principles of voting policy adopted by SIF Banat-Crișana

SIF Banat-Crișana seeks to exercise voting rights in an informed manner, and its engagement policy aims to promote long-term value creation.

The employees of the Investment Office analyse each proposed vote / resolution submitted to the vote, aiming to make the proposal based on the available information that best serves the interests of SIF Banat-Crișana and its investors.

Main resolutions subject to voting at general meetings and voting principles:

Shareholders Rights

SIF Banat-Crișana supports the equal treatment of shareholders, according to the principle "one share - one vote" and will oppose any measure aimed at limiting shareholders rights, except as permitted by law, based on a diligent assessment of the effects on the issuer and interests of SIF Banat-Crișana. At the same time, SIF Banat-Crișana will support the confidentiality of the vote and the facilitation of the expression of the vote by the shareholders, including by electronic means.

Annual Report and Financial Statements

The financial statements must reflect with maximum transparency the financial position of the company. If the quality of the information is unsatisfactory, SIF Banat-Crișana will abstain from voting or will vote against the approval of the financial statements of the respective company.

Appointment of Financial Auditor

SIF Banat-Crișana pays attention to the independence of the financial auditor, so that the annual financial reports are subject to an objective verification. If SIF Banat-Crișana has reservations regarding the independence of the financial auditor, then will vote against their appointment.

The Board of Directors

SIF Banat-Crișana will support a Board of Directors consisting of people who stand out for their professional qualities and impartiality. In this sense, in the evaluation of the candidacies for the position of administrator (member of the Board) their detailed CV, experience, good reputation, connection with the company / field of activity, respectively the objectives they propose will be thoroughly analysed.

SIF Banat-Crișana will vote against the discharge of the administrators in case there are doubts regarding their performance or in case there is evidence regarding deviations from the legal provisions.

Remuneration Policy

SIF Banat-Crișana will vote for a remuneration policy for administrators (members of the Board) that is related to the long-term performance of the company and that is consistent with the responsibilities of the directors and the financial situation of the company. The remuneration policy promoted by the remuneration committee must consider the specific situation of the company, the industry benchmarks, in line with the long-term strategy and performance of the company. The information regarding the fixed and variable remuneration of the managers must be explicit, in accordance with the strategy and long-term performance of the company and within the limits of market standards.

Company's Capital Structure

SIF Banat-Crișana will vote in favour of the share capital increases insofar as they serve the long-term development of the respective company. Share capital increases must provide for the right of pre-emption for existing shareholders, and if the issue of new shares is made without the right of pre-emption, it is necessary that the management of the company motivate it and the operation must not lead to a significant dilution of the position of existing shareholders.

SIF Banat-Crișana will vote in favour of buyback programs, if they correspond to the best interest of the company's shareholders.

Mergers and Acquisitions

SIF Banat-Crișana will analyse and evaluate the benefits of potential mergers and acquisitions individually. SIF Banat-Crișana will vote in favour of these transactions if the following conditions are met: (i) the transaction price properly reflects the value of the company; (ii) the proposed transaction contributes to creating shareholder value; (iii) the management of the company can demonstrate that the interests of the shareholders are not affected if the transaction involves related parties.

Environment, social and governance matters

SIF Banat-Crișana will analyse the proposals and informative materials made available by issuers to determine the impact of environmental, social and governance factors on the company's activity, including the degree of transparency in this area (e.g. by publishing sustainability reports, of sustainable investment policies). Aspects related to environmental, governance and social factors presented to shareholders by issuers and subject to shareholders' vote may be subject to general reviews, if they are presented by the issuer as having a significant impact on it, taking into account the information provided by issuer. SIF Banat-Crișana will, in principle, vote in favour of proposals concerning environmental, governance and social factors that promote responsible corporate activity and that improve the company's long-term value, in the interest of shareholders. At the same time, SIF Banat-Crișana will vote, in principle, in favour of the proposals by which issuers commit to report on their policies, initiatives and supervisory mechanisms regarding environmental, governance and social factors.

5. COOPERATION WITH OTHER SHAREHOLDERS

To promote a good corporate governance, efficient risk management, economic and financial performance, and the adequacy of information made public, SIF Banat-Crișana may cooperate with other shareholders of issuers in the portfolio under management. Cooperation with the shareholders of the same issuer shall be carried out in compliance with the applicable laws and regulations in this field and with internal policies, rules, and procedures. Cooperation with other investors may normally take place at formal investor meetings (e.g. at general shareholders' meetings) or at informal meetings / gatherings with other investors.

SIF Banat-Crișana may cooperate with other investors, especially in cases where a certain stake is required for the exercise of certain rights of shareholders (e.g. the right to enter items on the agenda, the right to propose draft decisions, the right to convene the general meeting, the right to request the financial auditor to draw up special reports, etc.).

SIF Banat-Crișana may also cooperate with other investors in order to approve or reject a certain resolution of the general meeting of shareholders, taking into account the applicable legal framework, the social interest, the interests of SIF Banat-Crișana and to the other shareholders, as well as the possible situations considered by law as presumptions of acting in concert. Mere punctual cooperation with other shareholders does not imply the existence of common policy(ies) regarding certain issuers and cannot generate the existence of a concerted action regarding those issuers.

6. MANAGEMENT OF ACTUAL AND POTENTIAL CONFLICTS OF INTEREST RELATED TO SIF BANAT-CRIȘANA'S ENGAGEMENT

SIF Banat-Crișana applies internal rules and procedures aimed at avoiding conflicts of interest by implementing appropriate measures in relation to the nature, size and complexity of the activities carried out. Through specific tools and mechanisms, the aim is to quickly identify possible conflict of interest situations, to adopt the best preventive measures or to manage conflicts of interest. If conflicts of interest that cannot be avoided arise, SIF Banat-Crișana will ensure their correct management, making sure that the interests of SIF Banat-Crișana and its own shareholders will be protected, in compliance with the rules regarding conflicts of interest provided for in the legal regulations and within the internal procedures of SIF Banat-Crișana.

All decisions regarding the engagement and exercise of voting rights in issuers in the portfolio under management will consider the interest of SIF Banat-Crișana shareholders. In all cases, internal rules and procedures and legal rules on conflicts of interest are considered. SIF Banat-Crișana will abstain from voting in those situations in which a conflict of interest would be possible, related to a topic on the agenda of the general meeting of shareholders.

7. UPDATE OF ENGAGEMENT POLICY

The engagement policy will be periodically reviewed, in the interest of SIF Banat-Crișana shareholders, if there are situations or considerations that require revision or in case of new regulations, bringing significant changes.

8. AVAILABILITY OF ENGAGEMENT POLICY

The engagement policy is available on company's website **www.sif1.ro** in the *Corporate Governance* section.

SIF Banat-Crișana will inform the investors in the Annual Report on the implementation of the Engagement Policy, also including an overview of the activity regarding the exercise of voting rights, in the case of issuers in which the voting power of SIF Banat-Crișana is of strategic importance, in accordance with the provisions of this engagement policy.



This issue of the engagement policy was approved by the Board of Directors by Decision no. 3 of October 11, 2022.

**Chairman and CEO
Bogdan-Alexandru Drăgoi**