

ERSTE
Asset Management

Voting Policy

Principles of Erste Asset Management

Table of Contents

1.	General	p. 1
1.1	Objective.....	p. 1
1.2	Motivation.....	p. 1
1.3	Scope.....	p. 1
1.4	Parameters.....	p. 1
2.	Voting Guidelines (International Standards)	p. 2
2.1	Operational Items.....	p. 2
2.2	Board of Directors	p. 2
2.2.1	Diversity	p. 3
2.2.2	Material ESG Failures.....	p. 4
2.2.3	Climate Risk Mitigation and Net Zero.....	p. 4
2.3	Capital Structures.....	p. 4
2.4	Compensation.....	p. 5
2.5	Other Items	p. 6
2.6	Social and Environmental Proposals.....	p. 7
2.6.1	Climate Change / GHG Emissions	p. 7
2.6.2	Say on Climate	p. 8
2.6.3	Biodiversity.....	p. 8
2.7	Conflict of Interest	p. 9
2.7.1	Affected Companies.....	p. 9
2.8	Share blocking	p. 9
2.9	Collabouration with other Stakeholders.....	p. 9
3.	Annex	p. 10
3.1	Classification of Directors	p. 10
3.2	References	p. 11
3.2.1	Contact.....	p. 11
3.2.2	Company Description.....	p. 11

1. General

1.1 Objective

Erste Asset Management GmbH (in the following abbreviated with “Erste AM”) is an active shareholder, which is reflected by the way we exercise our voting rights at Annual General Meetings. In order to ensure the consistency and transparency of its engagement and voting and to ensure compliance with the legal requirements, Erste AM developed the Erste AM Voting Policy that defines our procedure.

1.2 Motivation

Proxy voting is a key element of active ownership responsibilities and a long-term driver of good investment performance. Institutional investors use proxy voting amongst others to communicate with the companies which they are invested in. As a result, they are able to influence the company’s policy. The exercise of voting rights promotes long-term shareholder value creation and mitigates risk within portfolio holdings through the support of responsible global corporate governance practices.

1.3 Scope

If investments in shares are made for our funds (including funds of our branches), Erste AM may use the services of Institutional Shareholder Services Europe S.A. (“ISS”), Chaussee de La Hulpe, 1170 Brussels (Belgium) as a proxy voting advisor.

Erste AM’s Voting Policy generally describes our voting behaviour for management or shareholder proposals, but makes no claim to be complete. It is aligned to the specialty voting policies of our partner ISS:

- [Sustainability-International-Voting-Guidelines.pdf \(issgovernance.com\)](#)
- [Sustainability-US-Voting-Guidelines.pdf \(issgovernance.com\)](#)
- [SRI-International-Voting-Guidelines.pdf \(issgovernance.com\)](#)
- [SRI-US-Voting-Guidelines.pdf \(issgovernance.com\)](#)

Individual country regulations will be considered and under special circumstances there could be exemptions from the general voting behaviour. The following contents are extracts (non-exhaustive list, selection made by the management company) of the international versions of the guidelines.

On matters of ESG import, recognized global governing bodies promoting sustainable business practices advocating for stewardship of environment, fair labour practices, non-discrimination, and the protection of human rights, will be supported. The frame of reference are internationally recognized sustainability-related initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), United Nations Principles for Responsible Investment (UNPRI), United Nations Global Compact, Global Reporting Initiative (GRI), Carbon Principles, International Labour Organization Conventions (ILO), CERES Principles, Global Sullivan Principles, MacBride Principles, and environmental and social European Union Directives.

1.4 Parameters

Erste AM will exercise its voting rights, if our funds hold at least EUR 2mn of equity in the company or more than 5% worth of its outstanding shares. If one of these conditions is met, voting will be executed for respective meeting agendas (for the shareholdings of funds under slovak law, the requirement of at least EUR 2 million in equity capital does not apply in principle). Below the above-mentioned limits, Erste AM may exercise voting rights for shareholdings at its own discretion.

Meeting agendas include:

- Operational Items
- Board of Directors
- Capital Structure
- Compensation
- Other items
- Social and Environmental proposals

Additionally, Erste AM will exercise its voting rights typically for assets held in its mutual funds. In some cases, also for other funds. In any case, voting rights can only be exercised for those funds for which a member of Erste Group acts as custodian bank. Voting rights are always exercised in accordance with the Voting Policy of Erste AM.

2. Voting Guidelines (International Standard)

2.1 Operational Items

Operational Items comprise financial results, director and auditor reports, appointments of auditor and auditor fees, allocation of income, amendments to articles of association etc.

In general, Erste AM votes FOR the approval of financial statements and director and auditor reports unless there are, for example, concerns about the accounts presented or the audit procedures.

Auditors are reelected or auditor fees are fixed unless, for example, there are serious concerns about the effectiveness of the auditors, there is a reason to believe that the auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position, auditors are being changed without explanation, etc. (non-exhaustive list, selection made by the management company).

Allocation of income, in general is approved, unless the payout is excessive given the company's financial position or the dividend payout ratio has been consistently below 30% without adequate explanation.

2.2 Board of Directors

Board of the Director-proposals deal for example with board structure and independence, overboarding, director terms, combined Chair/CEO-situations, contested director elections, the discharge of board and management etc.

In general, Erste AM will vote FOR management nominees unless:

- Adequate disclosure has not been provided in a timely manner
- There are clear concerns over questionable finances or restatements
- There have been questionable transactions with conflicts of interest
- There are any records of abuses against minority shareholder interests
- The board fails to meet minimum corporate governance standards, including board independence standards
- There are specific concerns about the individual, such as criminal wrongdoing or breach of fiduciary responsibilities
- Repeated absences at board and key committee¹ meetings have not been explained (in countries where this information is disclosed).

For the European market Erste AM will generally vote AGAINST the election or re-election of any director when his/her term is not disclosed or when it exceeds four years and adequate explanation for non-compliance has not been provided. Under best practice recommendations, companies should shorten the terms for directors when the terms exceed the limits suggested by best practices.

For widely held², non-controlled³ companies Erste AM will generally vote AGAINST the election or re-election of any non-independent directors (excluding the CEO), if

- Fewer than 50 percent of the board members elected by shareholders – excluding, where relevant, employee shareholder representatives – would be independent or
- Fewer than one-third of all board members would be independent.

For widely held, controlled companies Erste AM will vote AGAINST the election or re-election of any non-independent directors (excluding the CEO) if less than one-third of the board members are independent.

For non-widely held companies Erste AM will vote AGAINST the election or re-election of any non-independent directors (excluding the CEO) if less than one-third of the board members are independent.

Erste AM will also generally vote AGAINST the (re)election of combined chair/CEOs at widely held European companies.

In most of the European markets Erste AM will vote AGAINST a candidate when they hold an excessive number of board appointments, as referenced by the more stringent of the provisions prescribed in local law or best practice governance codes, or other guidelines.

On international markets Erste AM will vote FOR the discharge of directors, including members of the management board and/or supervisory board, unless there is reliable information about significant and compelling controversies that the board is not fulfilling its fiduciary duties such as (non-exhaustive list, selection made by the management company):

- A lack of oversight or actions by board members which invoke shareholder distrust related to malfeasance or poor supervision, such as operating in private or company interest rather than in shareholder interest
- Any legal issues (e.g., civil/criminal) aiming to hold the board responsible for breach of trust in the past or related to currently alleged actions yet to be confirmed (and not only the fiscal year in question), such as price fixing, insider trading, bribery, fraud, and other illegal actions
- Other material failures of governance or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks
- A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate environmental, social and governance (ESG) risks.

2.2.1 Diversity

Gender diversity on boards will be evaluated in international markets when director elections are reviewed, to the extent that disclosures and market practices permit.

In general, Erste AM will vote AGAINST or WITHHOLD from the chair of the nominating committee if the board lacks at least one director of an underrepresented gender identity⁴.

For Continental European markets, Erste AM will vote AGAINST or WITHHOLD from incumbent members of the nominating committee if the board is not comprised of at least 40 percent underrepresented gender identities.

For the UK, Erste AM will generally vote AGAINST or WITHHOLD from the incumbent chair of the nominating committee if the board is not comprised of at least 33 percent underrepresented gender identities, or the board lacks at least one racially diverse director.

¹ Key committees are usually the ones performing the functions of audit, remuneration and nomination (plus risk for financial institutions).

² Widely held companies' are determined based on their membership in a major index and/or the number of Sustainability Advisory Services clients holding the securities. For Sweden, Norway, Denmark, and Finland, this is based on membership on a local blue-chip market index and/or MSCI EAFE companies. For Portugal, it is based on membership in the PSI-20 and/or MSCI EAFE index.

³ A company is considered to be controlled for the purposes of the above-mentioned voting policies if a shareholder, or multiple shareholders acting in concert, control a majority of the company's equity capital (i.e., 50 percent + one share). If a company is majority-controlled by virtue of a shareholder structure in which shareholders' voting rights do not accrue in accordance with their equity capital commitment (e.g., unequal or multi-class share structures), the company will not be classified as controlled unless the majority shareholder/majority shareholding group also holds a majority of the company's equity capital.

⁴ Underrepresented gender identities include directors who identify as women or as non-binary.



2.2.2 Material ESG Failures

In general, Erste AM will vote AGAINST or WITHHOLD from directors individually, on a committee, or potentially the entire board due to:

- Material failures of governance, stewardship, risk oversight⁵, or fiduciary responsibilities at the company, including failure to adequately manage or mitigate environmental, social and governance (ESG) risks
- A lack of sustainability reporting in the company's public documents and/or website in conjunction with a failure to adequately manage or mitigate ESG risks
- Failure to replace management as appropriate, or
- Egregious actions related to the director(s)' service on the boards that raise substantial doubt about his or her ability to effectively oversee management and serve the best interests of shareholders at any company.

2.2.3 Climate Risk Mitigation and Net Zero

For companies that are significant greenhouse gas (GHG) emitters⁶, through their operations or value chain, Erste AM will in general vote AGAINST or WITHHOLD from the incumbent chair of the responsible committee (or other directors on a CASE-BY-CASE basis) in cases where it is determined that the company is not taking the minimum steps needed to be aligned with a Net Zero by 2050 trajectory.

For 2023, minimum steps needed to be considered to be aligned with a Net Zero by 2050 trajectory are (all minimum criteria will be required to be in alignment with policy):

- Detailed disclosure of climate-related risks, such as according to the framework established by the Task Force on Climate-related Financial Disclosures (TCFD), including:
 - Board governance measures
 - Corporate strategy
 - Risk management analyses and
 - Metrics and targets.
- The company has declared a target of Net Zero by 2050 or sooner and the target includes scope 1, 2, and relevant scope 3 emissions
- The company has set a medium-term target for reducing its GHG emissions.

Expectations about what constitutes "minimum steps needed to be aligned with a Net Zero by 2050 trajectory" will increase over time.

Because Erste AM is a member of the Climate Action 100+ Initiative we will consider shareholder proposals and votes which will be flagged on the Initiatives' website and align our voting, if plausible, to these notes.

2.3 Capital Structure

Capital Structure proposals cover, amongst others, share or debt issuance requests, preferred stock issuance, share repurchase plans etc.

In general share-issuance requests will be evaluated on a CASE-BY-CASE basis taking into account market-specific guidelines.

For European markets, Erste AM will generally vote FOR issuance authorities with pre-emptive rights to a maximum of 50 percent over currently issued capital and as long as the share issuance authorities' periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guidelines. We will vote FOR issuance authorities without pre-emptive rights to a maximum of 10 percent (or a lower limit if local market best practice recommendations provide) of currently issued capital as long as the share issuance authorities' periods are clearly disclosed (or implied by the application of a legal maximum duration) and in line with market-specific practices and/or recommended guideline.

Non-convertible debt issuance requests, with or without pre-emptive rights, will be evaluated on a CASE-BY-CASE basis.

We will generally vote FOR the creation/issuance of convertible debt instruments as long as the maximum number of common shares that could be issued upon conversion meets the guidelines on equity issuance requests.

We will also generally vote FOR proposals to restructure existing debt arrangements unless the terms of the restructuring would adversely affect the rights of shareholders.

⁵ Examples of failure of risk oversight include but are not limited to: bribery; large or serial fines or sanctions from regulatory bodies; demonstrably poor risk oversight of environmental and social issues, including climate change; significant environmental incidents including spills and pollution; large scale or repeat workplace fatalities or injuries; significant adverse legal judgments or settlements; or hedging of company stock.

⁶ For 2023, companies defined as "significant GHG emitters" will be those on the current Climate Action 100+ Focus Group list.



Market repurchase authorities (share repurchase programs) will be voted FOR if the terms comply with the following criteria:

- A repurchase limit of up to 10 percent of issued share capital
- A holding limit of up to 10 percent of a company's issued share capital in treasury ("on the shelf")
- Duration of no more than 5 years, or such lower threshold as may be set by applicable law, regulation, or code of governance best practice.

We will also vote:

- FOR the creation of a new class of preferred stock or FOR issuances of preferred stock up to 50 percent of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders.
- FOR the creation/issuance of convertible preferred stock as long as the maximum number of common shares that could be issued upon conversion meets the guidelines on equity issuance requests.
- AGAINST the creation of a new class of preference shares that would carry superior voting rights to the common shares.
- AGAINST the creation of blank check preferred stock unless the board clearly states that the authorization will not be used to thwart a takeover bid and
- proposals to increase blank check preferred authorizations on a CASE-BY-CASE basis.

2.4 Compensation

Compensation-related proposals concern long-term and short-term variable compensation, pensions and post-mandate exercise of equity-based awards, employee compensation etc.

The implemented approach follows the "Sustainability Global Principles on Executive and Director Compensation":

- Provide shareholders with clear, comprehensive compensation disclosures
- Maintain appropriate pay structure with emphasis on long-term shareholder value
- Avoid arrangements that risk "pay for failure"
- Maintain an independent and effective compensation committee
- Avoid inappropriate pay to non-executive directors.

These principles take into account global corporate governance best practice and underlie market-specific policies in all markets.

Concerning executive compensation-related proposals Erste AM will generally vote AGAINST a company's proposal if it fails to comply with one or a combination of several of the global principles and their corresponding rules, requirements are for example (non-exhaustive list, selection made by the management company):

- Information on compensation-related proposals shall be made available to shareholders in a timely manner companies
- Shall adequately disclose all elements of the compensation
- The structure of the company's short-term incentive plan shall be appropriate
- The structure of the company's long-term incentives shall be appropriate, including, but not limited to, dilution, vesting period, and, if applicable, performance conditions
- No executives may serve on the compensation committee.

For non-executive director compensation Erste AM will generally vote FOR proposals to award cash fees to non-executive directors. We will also vote AGAINST if, for example (non-exhaustive list, selection made by the management company):

- Documents (including general meeting documents, annual report) provided prior to the general meeting do not mention fees paid to non-executive directors.
- Proposed amounts are excessive relative to other companies in the country or industry.
- Proposals provide for the granting of stock options, performance-based equity compensation (including stock appreciation rights and performance-vesting restricted stock), and performance-based cash to non-executive directors.
- Proposals introduce retirement benefits for non-executive directors.

For equity-based compensation Erste AM will vote FOR proposals if the plan(s) is(are) in line with long-term shareholder interests and align the award with shareholder value. This assessment includes, but is not limited to, the following factors:

- The volume of awards (to be) transferred to participants under all outstanding plans must not be excessive
- The plan(s) must be sufficiently long-term in nature/ structure: the vesting of awards (i) must occur no less than three years from the grant date, and (ii) if applicable, should be conditioned on meeting performance targets that are measured over a period of at least three consecutive years
- If applicable, performance criteria must be fully disclosed, measurable, quantifiable, and long-term oriented
- The awards must be granted at market price. Discounts, if any, must be mitigated by performance criteria or other features that justify such discount.

We will also vote FOR employee stock purchase plans if the number of shares allocated to the plan is 10 percent or less of the company's issued share capital.

2.5 Other Items

Other items contain, for example, situations of Reorganization/ Restructuring, Mergers & Acquisitions, Related Party Transactions or Antitakeover Mechanisms.

In cases of Reorganization/ Restructuring Erste AM will vote on a CASE-BY-CASE basis as well as in cases of Mergers & Acquisitions were also following is taking into account (non-exhaustive list, selection made by the management company):

- Is the value to be received by the target shareholders (or paid by the acquirer) reasonable? While the fairness opinion may provide an initial starting point for assessing valuation reasonableness, the sustainable approach places emphasis on the offer premium, market reaction, and strategic rationale.
- How has the market responded to the proposed deal? A negative market reaction will cause to scrutinize a deal more closely.
- Strategic rationale - Does the deal make sense strategically? From where is the value derived? Cost and revenue synergies should not be overly aggressive or optimistic, but reasonably achievable. Management should also have a favourable track record of successful integration of historical acquisitions.
- Conflicts of interest: Are insiders benefiting from the transaction disproportionately and inappropriately as compared to non-insider shareholders? It will be considered whether any special interests may have influenced these directors and officers to support or recommend the merger.

When evaluating Related-Party Transactions the parties on either side of the transaction are considered as well as the nature of the asset to be transferred/ service to be provided, the pricing of the transaction etc.

Concerning Antitakeover Proposals, Erste AM will vote AGAINST them unless they are structured in such a way that they give shareholders the ultimate decision on any proposal or offer.

2.6 Social and Environmental proposals

Erste AM will generally vote FOR social and environmental proposals that seek to promote good corporate citizenship while enhancing long-term shareholder and stakeholder value. In determining votes on shareholder social and environmental proposals, the following factors are considered (non-exhaustive list, selection made by the management company):

- Whether the proposal itself is well framed and reasonable
- Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value
- The degree to which the company's stated position on the issues could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing
- Whether the subject of the proposal is best left to the discretion of the board
- Whether the issues presented in the proposal are best dealt with through legislation, government regulation, or company-specific action
- The company's approach compared with its peers or any industry standard practices for addressing the issue(s) raised by the proposal
- Whether the company has already responded in an appropriate or sufficient manner to the issue(s) raised in the proposal
- Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices.

Generally, we will vote FOR social and environmental shareholder proposals that seek greater disclosure on topics such as human/labour rights, workplace safety, environmental practices and climate change risk, sustainable business practices etc.

2.6.1 Climate Change / GHG Emissions

As climate change is recognized as a major global risk coming along with a series of affiliated risks like the global water crisis, natural disasters or the inability of adopting to climate change, Erste AM prioritizes related shareholder proposals and will have a proper review of the contents. We will generally vote FOR shareholder proposals which request or evaluate (non-exhaustive list, selection made by the management company):

- Information on the financial, physical, or regulatory risks related to climate change- on company's operations and investments, or on how the company identifies, measures, and manage such risks
- Disclosure of company's operational and supply chain GHG emissions (Scopes 1, 2, and 3)
- The completeness and rigor of company's short-, medium-, and long-term targets for reducing operational and supply chain GHG emissions (Scopes 1, 2, and 3 if relevant)
- Whether the company has made a commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3) by 2050
- The company's related commitment, disclosure, and performance compared to its industry peers
- The company's actual GHG emissions performance
- Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to its GHG emissions
- A company report on its energy efficiency policies
- Reports on the feasibility of developing renewable energy resources
- Investments in renewable energy resources.





2.6.2 Say on Climate

For management proposals that request shareholders to approve the company's climate transition action plan we will vote on a CASE-BY-CASE basis, taking into account the completeness and rigor of the plan. Information that will be considered where available includes, for example, the following (non-exhaustive list, selection made by the management company):

- The extent to which the company's climate related disclosures are in line with TCFD recommendations and meet other market standards
- Disclosure of its operational and supply chain GHG emissions (Scopes 1, 2, and 3)
- Whether the company has made a commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3) by 2050
- Disclosure of how the company's lobbying activities and its capital expenditures align with company strategy
- The company's related commitment, disclosure, and performance compared to its industry peers.

For Say on Climate shareholder proposals that request the company to disclose a report providing its GHG emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions reduction plan, we will generally vote on a CASE-BY-CASE basis and take the following information into account (non-exhaustive list, selection made by the management company):

- The completeness and rigor of the company's climate-related disclosure
- The company's actual GHG emissions performance
- Whether the company has been the subject of recent, significant violations, fines, litigation, or controversy related to its GHG emissions; and
- Whether the proposal's request is unduly burdensome (scope or timeframe) or overly prescriptive.

2.6.3 Biodiversity

The global biodiversity crisis is clearly linked to the climate crisis and needs special focus as well. Biggest driver of biodiversity loss is human activity on land and sea with the global food system as primary driver. Through agricultural expansion deforestation, forest degradation and forest biodiversity loss are boosted. Erste AM recognizes the urgency on these challenges and will prioritize related proposals and have a proper review of the contents. We will generally vote FOR shareholder proposals which request or evaluate (non-exhaustive list, selection made by the management company):

- Greater disclosure of a company's (natural gas) hydraulic fracturing operations, including measures the company has taken to manage and mitigate the potential community and environmental impacts of those operations
- Reports on potential environmental damage as a result of company operations in protected regions, unless
 - Operations in the specified regions are not permitted by current laws or regulations
 - The company does not currently have operations or plans to develop operations in these protected regions
 - The company's disclosure of its operations and environmental policies in these regions is comparable to industry peers
- A company's current disclosure of relevant policies, initiatives, oversight mechanisms, and water usage metrics
- Whether or not the company's existing water-related policies and practices are consistent with relevant internationally recognized standards and national/local regulations
- The potential financial impact or risk to the company associated with water-related concerns or issues and
- Recent, significant company controversies, fines, or litigation regarding water use by the company and its suppliers.

2.7 Conflict of Interest

By exercising voting rights on general meetings of companies a conflict of interest might occur in certain cases. Following situations were identified:

- AGM (Annual General Meeting) of Erste Group Bank AG which is the parent company of Erste AM
- Constellations in which Erste Group Bank AG
 - Is a shareholder of a listed company, owns more than 10% and identifies conflict of interest
 - Is owned by a listed company by more than 5% and identifies conflict of interest or
 - Has a strategic partnership with a listed company and identifies conflict of interest.

2.7.1 Affected Companies

Regarding the mentioned criteria following companies were identified by Erste AM as affected:

Erste Group Bank AG	(ISIN: AT0000652011)
Vienna Insurance Group AG ⁷	(ISIN: AT0000908504)

For these companies Erste AM will abstain from exercising voting rights to avoid conflict of interest. The list of affected companies will be reviewed annually, in advance of the main season.

2.8 Share Blocking

In certain cases shares might be blocked in a period around the meeting. This would be of a topic especially in the markets Argentina, Curacao (form Neth. Antilles), Egypt, Iceland, Kazakhstan, Lebanon, Luxembourg, Mauritius, Morocco, Norway and Switzerland. In such a case Erste AM will also abstain from voting.

2.9 Collaboration with other Shareholders

Erste AM actively collaborates with other investors to leverage the impact achieved through its active ownership activities. This is particularly the case in the space of engagement but may potentially also include the co-filling of shareholder resolutions.

Such partnerships are typically channelled via internationally recognised investor bodies like the "Principles for Responsible Investment" (PRI) or "Climate Action 100+". Collaboration within regional bodies like the "association for the promotion of ethics and sustainability investment" (CRIC) and ad-hoc engagement partnerships are also options to be used on an opportunistic base.

The implication, advancement and results of such collaborations with other shareholders are reported in Erste AM's standard active ownership reports, as permissible under each partnerships rules.

⁷ Erste Group Bank AG and Vienna Insurance Group AG agree to extend cooperation agreement - longterm partnership extended to 2033, online: <https://www.erstegroup.com/en/news-media/press-releases/2018/05/18/erste-vig-cooperation-agreement-alias>

3. Annex

3.1 Classification of Directors

Erste AM's Classification of Directors is aligned to the "2023 ISS Classification of Directors – International policy"

Executive Director:

- Employee or executive of the company or a wholly owned subsidiary of the company.
- Any director who is classified as a non-executive, but receives salary, fees, bonus, and/or other benefits that are in line with the highest-paid executives of the company.

Non-Independent Non-Executive Director (NED):

- Any director who is attested by the board to be a non-independent NED.
- Any director specifically designated as a representative of a shareholder of the company.
- Any director who is also an employee or executive of a significant shareholder of the company.
- Any director who is also an employee or executive of a subsidiary, associate, joint venture, or company that is affiliated with a significant⁸ shareholder of the company.
- Any director who is nominated by a dissenting significant shareholder unless there is a clear lack of material⁹ connection with the dissident, either currently or historically.
- Beneficial owner (direct or indirect) of at least 10 percent of the company's stock, either in economic terms or in voting rights (this may be aggregated if voting power is distributed among more than one member of a defined group, e.g., members of a family that beneficially own less than 10 percent individually, but collectively own more than 10 percent), unless market best practice dictates a lower ownership and/or disclosure threshold (and in other special market-specific circumstances).
- Government representative

- Currently provides or has provided (or a relative¹⁰ provides) during the most recently concluded financial year under review professional services¹¹ to the company, to an affiliate of the company, or to an individual officer of the company or of one of its affiliates in the latest fiscal year in excess of USD 10,000 per year.
- Represents customer, supplier, creditor, banker, or other entity with which the company maintains a transactional/commercial relationship (unless the company discloses information to apply a materiality test¹²).
- Any director who has a conflicting relationship with the company, including but not limited to cross-directorships with executive directors or the chairman of the company.
- Relative of a current or former executive of the company or its affiliates
- A new appointee elected other than by a formal process through the general meeting (such as a contractual appointment by a substantial shareholder).
- Former executive or employee (five-year cooling off period). Years of service is generally not a determining factor unless it is recommended best practice in a market and/or in extreme circumstances, in which case it may be considered.¹³
- Any additional relationship or principle considered to compromise independence under local corporate governance best practice guidance.¹⁴

Independent NED:

- No material connection, either direct or indirect, to the company (other than a board seat) or to a significant shareholder.

Employee Representative:

- Represents employees or employee shareholders of the company (classified as "employee representative" and considered a non-independent NED).

3.2 References

3.2.1 Contact

Erste Asset Management GmbH, Communications & PR
1100 Vienna, Am Belvedere 1,
Telefax: 0043 (0) 50 100 DW 17102
E-Mail: office@erste-am.com

Paul Severin, Tel. +43 (0)50 100 19982,
E-Mail: paul.severin@erste-am.com
Dieter Kerschbaum, Tel. +43 (0)50 100 19858,
E-Mail: dieter.kerschbaum@erste-am.com

Erste Asset Management GmbH
Vienna, Commercial Register Number: FN 102018b
Registration court: Commercial Court Vienna

3.2.2 Company Description

Erste AM (www.erste-am.com) coordinates and is responsible for the asset management activities (asset management based on investment funds and portfolio solutions) within Erste Group Bank AG and is active on locations in Austria, Croatia, Czech Republic, Germany, Hungary, Romania and Slovakia.

⁸ At least 10 percent of the company's stock, unless market best practice dictates a lower ownership and/or disclosure threshold.

⁹ For purposes of Sustainability Advisory Services' director independence classification, "material" will be defined as a standard of relationship financial, personal, or otherwise that a reasonable person might conclude could potentially influence one's objectivity in the boardroom in a manner that would have a meaningful impact on an individual's ability to satisfy requisite fiduciary standards on behalf of shareholders

¹⁰ "Relative" follows the definition of "immediate family members" which covers spouses, parents, children, stepparents, stepchildren, siblings, in-laws, and any person (other than a tenant or employee) sharing the household of any director, nominee for director, executive officer, or significant shareholder of the company.

¹¹ Professional services can be characterized as advisory in nature and generally include the following: investment banking/financial advisory services; commercial banking (beyond deposit services); investment services; insurance services; accounting/audit services; consulting services; marketing services; and legal services. The case of participation in a banking syndicate by a non-lead bank should be considered a transaction (and hence subject to the associated materiality test) rather than a professional relationship.

¹² A business relationship may be material if the transaction value (of all outstanding financing operations) entered into between the company and the

company or organization with which the director is associated is more than 10 percent of the company's shareholder equity or the transaction value (of all outstanding financing operations) compared to the company's total assets is more than 5 percent.

¹³ For example, in continental Europe and Latin America, directors with a tenure exceeding 12 years will be considered non independent. In the United Kingdom, Ireland, Hong Kong and Singapore, directors with a tenure exceeding nine years will be considered non-independent, unless the company provides sufficient and clear justification that the director is independent despite his long tenure. For purposes of independence classification of directors incorporated in the Middle East and Africa region, this criterion will be taken into account in accordance with market best practice and disclosure standards and availability.

¹⁴ For MEA markets, directors' past services as statutory auditor/partner of the statutory audit firm will be taken into account, with cooling-off periods in accordance with local market best practice.

DISCLAIMER

This document is an advertisement. Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English.

The prospectus for UCITS (including any amendments) is published in *Amtsblatt zur Wiener Zeitung* in accordance with the provisions of the InvFG 2011 in the currently amended version. Information for Investors pursuant to § 21 AIFMG is prepared for the alternative investment funds (AIF) administered by Erste Asset Management GmbH pursuant to the provisions of the AIFMG in connection with the InvFG 2011. The fund prospectus, Information for Investors pursuant to § 21 AIFMG, and the Key Information Document can be viewed in their latest versions at the website www.erste-am.com within the section mandatory publications or obtained in their latest versions free of charge from the domicile of the management company and the domicile of the custodian bank. The exact date of the most recent publication of the fund prospectus, the languages in which the Key Information Document is available, and any additional locations where the documents can be obtained can be viewed on the website www.erste-am.com. A summary of investor rights is available in German and English on the website www.erste-am.com/investor-rights as well as at the domicile of the management company.

The management company can decide to revoke the arrangements it has made for the distribution of unit certificates abroad, taking into account the regulatory requirements.

Detailed information on the risks potentially associated with the investment can be found in the fund prospectus or Information for investors pursuant to § 21 AIFMG of the respective fund. If the fund currency is a currency other than the investor's home currency, changes in the corresponding exchange rate may have a positive or negative impact on the value of his investment and the amount of the costs incurred in the fund - converted into his home currency.

This document serves as additional information for our investors and is based on the knowledge of the staff responsible for preparing it at the time of preparation. Our analyses and conclusions are general in nature and do not take into account the individual needs of our investors in terms of earnings, taxation, and risk appetite. Past performance is not a reliable indicator of the future performance of a fund.

Version 3.5 of the guideline

Media owner and manufacturer:
Erste Asset Management GmbH

Am Belvedere 1
A-1100 Vienna
www.erste-am.at

Place of publishing and production: Vienna

ERSTE
Asset Management