



**POLICY FOR THE EXERCISE OF VOTING RIGHTS AND OTHER ENGAGEMENT OF  
GENERALI INVESTMENTS CEE, INVESTIČNÍ SPOLEČNOST, A.S.**

**Generali Investments CEE, investiční společnost, a.s.**  
Na Pankráci 1720/123, 140 21 Praha 4  
Comp. Id. No.: 438 73 766



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## **1 Introductory Provisions**

The Policy for the Exercise of Voting Rights and Further Engagement of Generali Investments CEE, investiční společnost, a.s. (hereinafter referred to as the “**Engagement Policy**”) were drawn up in accordance with the laws and regulations of the Czech Republic and EU legislation as at 31 December 2019. This Engagement Policy is available on request at the Company's registered office or at its website <http://www.generali-investments.cz>.

The Company reserves the right to amend or supplement this Engagement Policy at any time without prior notice.

## **2 Overview of Terms and Abbreviations Used**

**Issuer** – a legal person having its registered seat in a Member State of the European Union issuing shares or similar securities representing an interest in the issuer if admitted to trading on a European regulated market

**Fund** – a collective investment fund, a foreign fund (sub-fund) comparable to a standard fund and/or a qualified investor fund managed by the Company

**Institutional Investor** – a domestic and a third-country insurance undertaking authorized to conduct life insurance business under the Act regulating insurance, a domestic and third-country reinsurance undertaking authorized to conduct life insurance business under the Act regulating insurance and an institution for occupational retirement provision having its registered seat in the Czech Republic under the Act regulating activities of institutions for occupational retirement provision

**Company** – Generali Investments CEE, investiční společnost a.s., Comp. Id. No.: 438 73 766, registered office at Na Pankráci 1720/123, 140 21 Praha 4, registered in the Commercial Register maintained by the Metropolitan Court in Prague, Section B, File 1031

**AICIF** – Act No. 240/2013 Sb., on Investment Companies and Investment Funds, as amended

**Capital Markets Act** – Act No. 256/2004 Sb., on Capital Market Undertakings, as amended

## **3 Engagement Policy**

This Engagement Policy provides for the principles that the Company applies to the exercise of voting rights attached to the shares or similar securities representing an interest in an Issuer (hereinafter referred to as the “**Participating Securities**”) and that are part of the assets of the Funds or customer portfolios managed by the Company under Section 11(1) (c) of the AICIF.

The Company publishes this Policy for the Exercise of Voting Rights and Further Engagement with the Issuers as part of the management of the Funds. The principles set out in this Engagement Policy must always be interpreted and applied in such a way that the respective voting rights relating to the Participating Securities are exercised for the benefit of the respective Fund and to prevent any potential conflicts of interests. The exercise of voting rights attached to the Participating Securities must always give precedence to the Fund's interest even over the interests of the Company or the Generali Group of which the Company is a member.

The Company also provides investment services of managing customers' assets based on the Company's discretion under contractual agreements (portfolio management) under Section 11(1)(c) of the AICIF. To the extent of Section 127h of the Capital Markets Act, the Company reserves the right not to disclose information arising from Sections 127f and 127g(1) of the Capital Markets Act in relation to such investment services having regard to the fact that the Company does not exercise voting rights attached to the Participating Securities in the Institutional Investors' portfolios that the Company manages under the portfolio management. These voting rights are exercised by the Institutional Investors themselves or by another person authorized by the Institutional Investor.

The Engagement Policy contains the information below.

**a) Manner in which the Company's investment strategy regulates the engagement of shareholders whose Participating Securities it manages in relation to the Issuer**

The Company, as a manager of the Funds, has implemented appropriate, adequate and effective principles for the engagement of shareholders whose Participating Securities it manages. The investment strategy governing the engagement of shareholders is exclusively for the benefit of the respective Funds and is based on the principle that shareholder engagement, and the exercise of voting rights, has always complied with the investment objectives or the investment policy of the Funds.

The Company monitors the concentration of the Participating Securities held in the portfolios of the Funds managed. If holding a share in the Issuer's voting rights up to 1%, the exercise of the voting rights is not mandatory. If 1% - 3% of all Issuer's voting rights (even cumulatively for all managed Funds) are achieved, the relevant department of the Company is informed of this and analyzes the situation based on this information and prepares a proposal for further action which is submitted to the Committee of the Company (where appropriate, a strategy for the exercise of voting rights is developed). If the share of all Issuer's voting rights exceeds 3% (even cumulatively for all managed Funds), the relevant division of the Company will be informed and it will prepare a specific strategy for the exercise of voting rights.

Any strategy for the exercise of voting rights must always be designed in such a way as to ensure consistency with the investment objectives or the investment policy of the respective Funds. The strategy for the exercise of voting rights is subject to approval by the Company which also decides on its practical implementation.

The Company ensures that the exercise of voting rights complies with the investment objectives or the investment policy of the Funds, which is reflected primarily in investments in companies that are in good economic condition, have functional corporate governance and for which the Company has sufficient relevant information to assess the significant risks associated with the intended investment.

**b) Manner in which the Company monitors significant issues relating to the Issuer**

In managing the Funds, the Company continuously monitors significant issues relating to the Issuer when the concentration of the Participating Securities is close to 1% of all Issuer's voting rights (including without limitation its strategy, financial and non-financial performance indicators, the risks to which it is exposed, the capital structure, the social and environmental impact of its activities and the way it is managed and controlled).

The Company uses a wide range of information sources, including the Issuer's annual reports, press releases, ongoing information published by the Issuers themselves and other publicly available reports mainly from the financial markets, and the Company also uses its own analytical department, communication with the Issuer's Investor Relations Department, paid information agencies (Bloomberg) and regular broker comments.

**c) Communication between the Company and the Issuer**

The Company communicates with the Issuer in a variety of ways, depending on the content, scope and importance of the communication which will mainly be by e-mail, by telephone or in person during meetings with the Issuer's representatives.

**d) Exercising voting rights or other rights attached to the Participating Securities**

The Company continuously monitors the emergence of a concentration of the Participating Securities held in the Funds' portfolios which voting rights are attached to. For more information on how to reach a certain concentration, see **Chyba! Nenalezen zdroj odkazů.** above.

The Company exercises voting rights relating to the Participating Securities either directly or through authorized persons. The Company does not apply an authorization of a general nature to exercise voting rights. The exercise of voting rights is preceded by a detailed introduction to the subject matter of the voting and any possible impacts on the investment objectives and/or the investment policy of the Funds, followed by instructions in particular to ensure the exercise of voting rights in line with the investment objectives or the investment policy of the respective Funds. The specific manner in which voting rights are exercised reflects the agenda of the Issuer's General Meeting and it also takes into account that its implementation does not lead to a decision that may result in a substantial change at the Issuer's. If the outcome of the voting has a negative impact on the Fund's investment, or if there is reason to fear that these negative effects will arise in the future, the Participating Securities may be sold or the target investment may be changed in the most appropriate way for the investors of Company.

All decisions on the exercise of voting rights are taken individually, based on the decision of the relevant committee of the Company which also decides on its practical implementation (nomination of a representative for the General Meeting, etc.).

Any exercise of voting rights is conducted in accordance with this Engagement Policy and in accordance with the rules on the prevention of conflicts of interest.

**e) Cooperation with other shareholders in exercising voting rights and communication with relevant stakeholders**

As a rule, the Company does not cooperate with other Issuer shareholders in the exercise of voting rights and does not communicate with other relevant stakeholders. However, this approach is not a firm rule, and should the joint action be assessed as material to the interests of the Funds and shareholders, the Company will act in accordance with those interests.

**f) Procedure for dealing with actual or potential conflicts of interests in connection with the Company's engagement in relation to the Issuer**

The Company has implemented a high standard of conflict of interest management and its prevention. Control is ensured at several levels, including Portfolio Management, Risk Management and Compliance. As part of the proposed strategy for the exercise of voting rights, the Portfolio Management Division is committed to preventing or managing potential conflicts of interests that may arise from the exercise of voting rights. In a situation where there is a risk of an actual conflict of interests in the exercise of voting rights, measures are taken to resolve the conflict without delay and the Company proceeds appropriately in accordance with the Conflict of Interest Policy.

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The Company will also prepare a report on the implementation of the Engagement Policy to the extent of Section 127g of the Capital Markets Act and disclose it when the share of the Issuer's voting rights acquired through the Participating Securities that are part of the assets managed in the Funds exceeds 1% and the Company will exercise its voting rights.