

2024 ANNUAL REPORT

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INTRODUCTION

This annual report is prepared by VALGREEN SRL (“Valgreen”) considering the Shareholder Rights Directive II¹, local legislation² and Proxy Voting Guidelines issued by Valgreen.

The Proxy Voting Guidelines are made publicly available, free of charge, on www.valgreen.ro and are updated at least on an annual basis.

SUMMARY OF 2024 ACTIVITY

Valgreen issued reports for general meetings for shareholders called during 2024 for companies listed on Bucharest Stock Exchange, Vienna Stock Exchange, Prague Stock Exchange, Warsaw Stock Exchange, Frankfurt Stock Exchange, Euronext and / or London Stock Exchange.

During 2024 Valgreen issued proxy advisory reports for general meetings called by 33 companies listed on **Bucharest Stock Exchange**:

- ABN Systems International (ABN)
- ALRO SA (ALR)

¹ Article 3j

² Article 104 of the Romanian Issuers Law no. 24/2017 requiring proxy advisors to adopt a Proxy Voting guideline:

“(1) Proxy advisors publicly disclose reference to a code of conduct which they apply and report on the application of that code of conduct.

(2) Where proxy advisors do not apply a code of conduct, they shall provide a clear and reasoned explanation why this is the case.

(3) Where proxy advisors apply a code of conduct but depart from any of its recommendations, they shall declare from which parts they depart, provide explanations for doing so and indicate, where appropriate, any alternative measures adopted.

(4) Information referred to in the paragraphs (1)-(3) shall be made publicly available, free of charge, on the websites of proxy advisors and shall be updated on an annual basis.

(5) In order to adequately inform their clients about the accuracy and reliability of their activities, proxy advisors publicly disclose on an annual basis at least all of the following information in relation to the preparation of their research, advice and voting recommendations:

(a) the essential features of the methodologies and models they apply;

(b) the main information sources they use;

(c) the procedures put in place to ensure quality of the research, advice and voting recommendations and qualifications of the staff involved;

(d) whether and, if so, how they take national market, legal, regulatory, and company-specific conditions into account;

(e) the essential features of the voting policies they apply for each market;

(f) whether they have dialogues with the companies which are the object of their research, advice or voting recommendations and with the stakeholders of the company, and, if so, the extent and nature thereof;

(g) the policy regarding the prevention and management of potential conflicts of interests.

(6) The information referred to in this paragraph shall be made publicly available on the websites of proxy advisors and shall remain available free of charge for at least three years from the date of publication. The information does not need to be disclosed separately where it is available as part of the disclosure under paragraph 1.

(7) Proxy advisors identify and disclose without delay to their clients any actual or potential conflicts of interests or business relationships that may influence the preparation of their research, advice or voting recommendations and the actions they have undertaken to eliminate, mitigate or manage the actual or potential conflicts of interests.

(8) This Article also applies to proxy advisors that have neither their registered office nor their head office in the Union which carry out their activities through an establishment located in the Union.”

- AQUILA PART PROD COM (AQ)
- ANTIBIOTICE SA (ATB)
- 2B INTELLIGENT SOFT S.A (BENTO)
- BITTNET SYSTEMS SA (BNET)
- BRD – GROUPE SOCIETE GENERALE S.A. (BRD)
- BURSA DE VALORI BUCURESTI SA (BVB)
- Compa SA (CMP)
- CONPET SA (COTE)
- Digi Communications N.V. (DIGI)
- SOCIETATEA ENERGETICA ELECTRICA S.A. (EL)
- Evergent Investments (EVER)
- Fondul Proprietatea SA (FP)
- GRUP SERBAN HOLDING S.A. (GSH)
- HIDROELECTRICA S.A. (H2O)
- HOLDE AGRI INVEST S.A. (HAI)
- LION CAPITAL SA (LION)
- MedLife S.A. (M)
- ONE UNITED PROPERTIES (ONE)
- ROPHARMA S.A. (RPH)
- Sphera Franchise Group (SFG)
- INFINITY CAPITAL INVESTMENTS, former SIF OLTENIA S.A. (INFINITY former SIF5)
- ROMGAZ SA (SNG)
- NUCLEARELECTRICA S.A. (SNN)
- OMV PETROM S.A. (SNP)
- TRANSELECTRICA (TEL)
- Transgaz (TGN)
- BANCA TRANSILVANIA S.A. (TLV)
- TERAPLAST SA (TRP)
- TRANSILVANIA INVESTMENTS ALLIANCE S.A. (TRANSI)
- TTS (TRANSPORT TRADE SERVICES) SA (TTS) and
- PURCARI WINERIES PUBLIC COMPANY LIMITED (WINE).

The activity for companies listed on *Vienna Stock Exchange* extended during 2024 and Valgreen issued proxy advisory reports for general meetings called by 24 companies listed on Vienna Stock Exchange:

- ANDRITZ AG (ANDR)
- AT&S Austria Technologie & Systemtechnik Aktiengesellschaft (ATS)
- BAWAG GROUP AG (BG)
- CA IMMOBILIEN ANLAGEN AG (CAI)
- DO & CO Aktiengesellschaft (DOC)

- ERSTE GROUP BANK AG (EBS)
- EuroTeleSites AG (ETS)
- EVN AG (EVN)
- Flughafen Wien AG (FLU)
- IMMOFINANZ AG (IIA)
- LENZING AG (LNZ)
- MAYR-MELNHOF KARTON AG (MMK)
- OMV AG (OMV)
- PORR AG (POS)
- OESTERREICHISCHE POST AG (POST)
- RAIFFEISEN BANK INTERNAT AG (RBI)
- SCHOELLER-BLECKMANN AG (SBO)
- S IMMO AG (SPI)
- Telekom Austria AG (TKA)
- UNIQA Insurance Group AG (UQA)
- VERBUND AG (VER)
- Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG)
- VOESTALPINE AG (VOE) and
- WIENERBERGER AG (WIE).

Considering Valgreen clients' needs, during 2024 Valgreen issued proxy advisory reports for general meetings called by 19 companies listed on **Warsaw Stock Exchange**

- Allegro.eu S.A. (ALE)
- Alior Bank SA (ALR)
- CCC Spółka Akcyjna (CCC)
- CD PROJEKT S.A. (CDR)
- CYFROWY POLSAT (CPS)
- DINO POLSKA SPÓŁKA AKCYJNA (DNP)
- KGHM POLSKA MIEDŹ S.A. (KGH)
- LPP SA (LPP)
- GRUPA LOTOS (LTS)
- MERCATOR MEDICAL S. A. (MRC)
- Orange Polska Spółka Akcyjna (OPL)
- Bank Polska Kasa Opieki SA (PEO)
- PGE POLSKA GRUPA ENERGETYCZNA S.A. (PGE)
- Polskie Górnictwo Naftowe (PGN)
- ORLEN (PKN)
- Powszechna Kasa Oszczędności Bank Polski (PKO)
- Powszechny Zakład Ubezpieczeń (PZU)
- Santander Bank Polska (SPL) and
- TAURON POLSKA ENERGIA (TPE).

Many companies listed on **Prague Stock Exchange** have the same investors base as companies listed on Vienna Stock Exchange, so during 2024 Valgreen issued proxy advisory reports for general meetings called by 6 companies listed on Prague Stock Exchange:

- ČEZ, a. s. (CEZ)
- Colt CZ Group SE (CZG)
- KOFOLA ČS (KOFOL)
- KOMERCNI BANKA (KOMB)
- MONETA MONEY BANK (MONET) and

- Philip Morris ČR a.s. (TABAK).

During 2024 Valgreen issued proxy advisory reports for general meetings called by several companies listed on **London Stock Exchange**:

- bp PLC (BP)
- HUMMINGBIRD RESOURCES PLC (HUM)
- City of London Investment Group PLC (CLIG)
- GSK plc (GSK)
- Hon Hai Precision Industry (HHPD)
- Legal & General Group Plc (LGEN)
- Rio Tinto PLC (RIO)
- SAMSUNG ELECTRONICS CO LTD (SMSN) and
- Unilever PLC (ULVR).

During 2024 Valgreen issued a proxy advisory report for general meetings called by 25 companies listed on **Frankfurt Stock Exchange**:

- ADIDAS AG (ADS)
- Allianz Se (ALV)
- BASF AG (BAS)
- BMW AG (BMW)
- Commerzbank AG (CBK)
- Coverstro AG (1COV)
- Deutsche Boerse AG (DB1)
- Deutsche Post AG (DHL)
- Deutsche Telekom AG (DTE)
- Daimler Truck Holding AG (DTG)
- Siemens Energy AG (ENR)
- Fresenius Medical Care AG & Co.KGaA (FME)
- Bilfinger AG (GBF)
- Heidelberg Materials AG (HEI)
- HENKEL AG (HEN)
- Hapag-Lloyd AG (HLAG)
- Infineon Technologies Ag (IFX)
- Deutsche Lufthansa AG (LHA)
- Mercedes Benz Group AG (MBG)
- Qiagen NV (QIA)
- SAP SE (SAP)
- United Internet AG (UTDI)
- Varta AG (VAR1)
- VOLKSWAGEN AG VZ (VOW3) and
- Vitesco Technologies Group AG (VTSC).

During 2024 Valgreen started to cover companies listed on **EURONEXT** and issued proxy advisory reports for 21 companies:

- Credit Agricole SA (ACA)
- Koninklijke Ahold Delhaize NV (AD)
- AIRBUS SE (AIR)
- allfunds Group PLC (ALLFG)
- ASML Holding N.V. (ASML)
- AXA SA (AXA)
- DANONE (BN)
- BNP Paribas (BNP)
- Capgemini SE (CAP)

- VINCI SA (DE)
- Eurofins Scientific SE (ERF)
- ING GROEP N.V. (INGA)
- LVMH Moët Hennessy Louis Vuitton SA (MC)
- NOKIA CORPORATION (NOKIA)
- Orange SA (ORA)
- Koninklijke Philips NV (PHIA)
- Prosus NV (PRX)
- Compagnie de Saint – Gobain (SGO)
- Siemens AG (SIE)
- Schneider Electric (SU) and
- TotalEnergies SE (TTE).

METHODOLOGIES AND MODELS APPLIED

Valgreen issued Proxy Voting Guidelines for each stock exchange used for primary listing for companies in focus, using as models the corporate governance principles applicable on the specific market.

Valgreen recommendations takes relevant market-specific factors into account in our research and recommendations included in proxy voting reports. Where Valgreen departs from any of the Proxy Voting Guidelines, there is a statement on which parts Valgreen departs, will provide explanations for doing so and indicates, where appropriate, any alternative measures adopted.

Considering the importance of votes against Valgreen created the register of significant votes against (the 'Register'), tracking significant shareholders votes against the resolutions proposed by the management or by a significant shareholder of several companies listed on Bucharest Stock Exchange.

The Register is focused on companies that are part of BET index that have received significant opposition by shareholders to a resolution, or any draft of resolution rejected after shareholder vote. In doing so, it helps to identify which companies are acknowledging shareholder votes against and how they are addressing their shareholders' concerns (if such actions are public).

We included the idea of setting up a public Register of shareholder votes following the UK model but simplified considering the Romanian Corporate Governance Code. Starting with 1 January 2025 the principle was implemented in Romania for companies listed on Bucharest Stock Exchange as a result of the new Corporate Governance Code.

The Register published by Valgreen includes:

- ✓ key details about the proposed resolution (title, meeting date and meeting type)
- ✓ results of the shareholder vote (percentage of votes cast for, and percentage of the issued share capital voted, if such information is public)
- ✓ Valgreen's comments on how the companies decided to respond to the significant vote against (if available)

The Companies that registered significant votes against during 2024 are:

- ANTIBIOTICE S.A. (ATB)
- BITTNET SYSTEMS SA BUCURESTI (BNET)
- BRD – GROUPE SOCIETE GENERALE S.A. (BRD)
- TRANSELECTRICA (TEL)
- Fondul Proprietatea SA (FP)
- MedLife S.A. (M)

- ONE UNITED PROPERTIES (ONE)
- NUCLEARELECTRICA S.A. (SNN)
- Transgaz (TGN)
- SOCIETATEA ENERGETICA ELECTRICA S.A. (EL)
- TERAPLAST SA (TRP)
- ROMGAZ SA (SNG)

The register is a great instrument of research for investors, but also for companies, in their efforts to build a better relationship with shareholders and future investors.

THE MAIN INFORMATION SOURCES USED

Valgreen uses as main information source the website of the company calling the general meeting. If the information published is not clear or the company is not providing the information, Valgreen asks the company to publish clarifications and additional data.

Some of the companies responded and added the clarifications and additional information on website, but other companies sent evasive responses without responding to the request of clarification and did not publish any additional data on website.

THE PROCEDURES PUT IN PLACE TO ENSURE QUALITY OF THE RESEARCH, ADVICE AND VOTING RECOMMENDATIONS

Valgreen has procedures in place clarifying the process for preparing the proxy voting report:

- ✓ Valgreen checks the announcements published on each company on periodical basis (on daily basis for companies listed on Bucharest Stock Exchange, on weekly basis for companies listed on Vienna Stock Exchange, Prague Stock Exchange, Warsaw Stock Exchange, Frankfurt Stock Exchange, Euronext and / or London Stock Exchange)
- ✓ When a general meeting is announced, Valgreen prepared the timeline for it and shares it with the interested clients
- ✓ Valgreen updates its website on the date of the general meeting called, publishing the dates of general meetings for companies covered on www.valgreen.ro for easier access in a centralized place
- ✓ Valgreen team analyses the documentation for the meeting and has an active dialogue with the company, but also with other investors, especially on subjects that received in the past significant votes against
- ✓ Based on public information and dialogues with company and investors Valgreen team prepares the proxy advisory report
- ✓ Valgreen share the proxy advisory report with all interested clients
- ✓ For some of the general meetings Valgreen representatives are joining the meeting physically, at the request of the clients
- ✓ After general meeting Valgreen informs its clients on results of the vote and
- ✓ Valgreen updates the register of significant votes against (if the case).

QUALIFICATIONS OF THE STAFF INVOLVED

Valgreen team is managed by Valeria Nistor. Valeria Nistor is an entrepreneur and specialist consultant in the growing field of corporate governance advisory. Valeria spent 11 years with financial services industry. Valeria has an expertise of over 14 years with listed companies, dealing with many challenges provoked by shareholder activism or supporting a team of

portfolio managers in being activist with portfolio companies. Valeria spent an extensive time in corporate governance and reporting area for entities listed on Bucharest Stock Exchange, London Stock Exchange, and portfolio companies in process of preparation for being listed. Before 2010, Valeria spent 11 years with Romanian Ministry of Finance, from the start as a legal counsel till leading the legal department of Tax Authority. Valeria graduated Bucharest University with a BA in Law, she has a master's in management from Bucharest University of Economic Studies, and she completed several corporate governance, ESG and RBC educational programmes. She has a professional certificate as a specialist in International Sustainable Business issued by International Association for Sustainable Economy UK. Valeria is a member of The Corporate Governance Institute, and a member of Professional Women Network. Valeria is an advocate of diversity and inclusion and promoter of modern corporate governance implementation.

Valeria holds shares in majority of the companies in Valgreen focus, to have access to information as a shareholder.

IMPORTANT EVENTS FOR EACH MARKET

2024 was a year of significant global events that impacted listed companies because of:

- ✓ **Geopolitical Tensions:**
 - The escalation of the Israel-Palestine Conflict: This led to increased oil prices, impacting energy-dependent companies and consumer spending.
 - Geopolitical uncertainty: Heightened tensions in various regions created market volatility and increased investor risk aversion.
- ✓ **Monetary Policy Shifts:**
 - Bank of Japan (BOJ) Interest Rate Hike: This unexpected move significantly impacted global markets, triggering a sell-off in risk assets and impacting companies across sectors.
 - Federal Reserve Interest Rate Cut: While initially welcomed, the Fed's rate cut also contributed to market volatility.
- ✓ **Economic Data:**
 - Mixed Economic Data: Fluctuations in economic indicators like inflation and GDP growth created uncertainty and impacted investor sentiment.
 - Corporate Earnings: Some companies reported weaker-than-expected earnings, impacting their stock prices and overall market sentiment.

The events influenced listed companies:

- Increased volatility: Market fluctuations due to geopolitical events and monetary policy shifts created uncertainty for investors, impacting stock prices.
- Shifting investor sentiment: Investor confidence was affected by economic data and corporate earnings, leading to changes in investment behaviour.
- Sectoral impacts: Different sectors were impacted differently. For example, energy companies were affected by oil price fluctuations, while technology companies were impacted by interest rate changes.

At European level 2024 was a year of significant events, with varying impacts on listed companies:

- **Political Shifts:**
 - Rise of Right-Wing Populism: Several European countries witnessed a rise in right-wing populist movements, leading to political instability and uncertainty in some regions. This could impact investor confidence and business regulations.

- Geopolitical Tensions: The ongoing war in Ukraine continued to cast a shadow over Europe, impacting energy prices, trade, and investor sentiment.
- **Economic Challenges:**
 - Inflation and Interest Rates: High inflation across Europe forced central banks to raise interest rates, impacting borrowing costs for businesses and potentially slowing economic growth.
 - Energy Crisis: The energy crisis continued to pose challenges for European economies, impacting energy-intensive industries and increasing costs for businesses.
- **Social and Cultural Developments:**
 - Continued social and cultural movements focused on issues like climate change, social justice, and equality. These movements can influence consumer behaviour and corporate social responsibility (CSR) strategies.
 - The EU Women on Boards Directive aims to increase gender balance among directors of listed companies. European Member States had until 28 December 2024 to transpose the Directive's provisions into their national legislation. Companies are expected to meet the targets (40% women among non-executive directors or 33% among all directors) by June 30, 2026.

Valgreen covers in its research companies listed on Bucharest Stock Exchange, Vienna Stock Exchange, Prague Stock Exchange, Warsaw Stock Exchange, Frankfurt Stock Exchange, Euronext, and / or London Stock Exchange and they are influenced by the political and legislative changes. During 2024 there were important events for each country.

For companies listed on **Bucharest Stock Exchange** there were important events that happened in Romania:

- **Romania's entry into the Schengen Area:** This major milestone, effective March 2024, is expected to boost trade, potentially benefiting companies involved in these sectors.
- **2024 Elections:** The year witnessed various elections, including European Parliament, local, and a presidential election that was cancelled in the end. Election cycles often bring economic uncertainty and can impact consumer and investor confidence, which could influence stock market performance.
- **Geopolitical Events:** The ongoing war in Ukraine continues to have significant economic and political implications for Romania. This includes increased energy costs, refugee flows, and heightened security concerns, all of which can impact businesses operating in the country.
- **Economic Developments:** Factors such as inflation, interest rates, and economic growth will always influence stock market performance.

There were important events that happened in Austria and influenced the activity of companies listed on **Vienna Stock Exchange**:

- ❖ **Political Developments:**
 - Rise of the Far-Right: The Freedom Party of Austria (FPÖ) gained significant ground in the 2024 parliamentary elections, becoming the largest party. This shift in political

landscape could have implications for business regulations, economic policies, and investor sentiment.

- Political Instability: The election results led to a period of political uncertainty as coalition negotiations proved challenging. This uncertainty can negatively impact business confidence and investment decisions.
- ❖ **Economic Factors:**
 - Inflation and Interest Rates: Austria, like many countries, faced inflationary pressures. Rising interest rates to combat inflation can impact borrowing costs for businesses and potentially slow economic growth.
 - Energy Costs: The ongoing energy crisis continued to impact Austrian businesses, particularly energy-intensive industries.
- ❖ **Social and Cultural Events:** Austria hosted various cultural events throughout the year, which could have positively impacted tourism and related sectors (hotels, restaurants, entertainment).

2024 in the Czech Republic was marked by several significant events for companies listed on **Prague Stock Exchange**:

Political Developments:

- Government Reshuffle: The ruling coalition faced challenges and underwent a reshuffle, potentially impacting government policies and economic direction.
- Regional Elections: Regional elections took place, potentially shifting the political landscape at the local level.

Economic Factors:

- Inflation and Interest Rates: The Czech Republic, like many countries, grappled with inflationary pressures, leading to interest rate hikes that could impact borrowing costs for businesses.
- Energy Costs: The ongoing energy crisis continued to affect the Czech economy, impacting energy-intensive industries and increasing costs for businesses.

Cultural Events: The Czech Republic hosted various cultural events throughout the year, which could have positively impacted tourism and related sectors.

Companies listed on **Warsaw Stock Exchange** were influenced during 2024 by several significant events that took place in Poland:

Political Developments:

- Continued tensions with the EU: The ongoing dispute with the European Union over judicial reforms continued to dominate the political landscape. This uncertainty can impact investor confidence and business regulations.
- Government Policies: The government implemented various policies, including economic and social measures, which could have both positive and negative impacts on businesses.

Economic Factors:

- Inflation and Interest Rates: Poland, like many countries, faced inflationary pressures, leading to interest rate hikes that could impact borrowing costs for businesses and potentially slow economic growth.

- **Energy Costs:** The ongoing energy crisis continued to affect the Polish economy, impacting energy-intensive industries and increasing costs for businesses.

Geopolitical Context: The ongoing war in Ukraine continued to have significant implications for Poland, including increased security concerns and the impact on regional stability.

2024 in Germany saw several significant events that impacted companies listed on **Frankfurt Stock Exchange**:

Political Developments:

- **Government Instability:** The ruling coalition faced challenges and potential instability throughout the year, impacting policy decisions and investor confidence.
- **Social and Political Movements:** Continued social and political movements focused on issues like climate change, social justice, and economic inequality.

Economic Factors:

- **Inflation and Interest Rates:** Germany, like many countries, grappled with inflationary pressures, leading to interest rate hikes that could impact borrowing costs for businesses and potentially slow economic growth.
- **Energy Costs:** The ongoing energy crisis continued to affect the German economy, impacting energy-intensive industries and increasing costs for businesses.
- **Geopolitical Tensions:** The war in Ukraine continued to cast a shadow over the German economy, impacting energy prices, trade, and investor sentiment.

2024 in the UK was a year of significant political and social developments. Here are some of the key events that influenced companies listed on **London Stock Exchange**:

- **General Election:** A general election took place, resulting in a [insert outcome of the election, e.g., landslide victory for Labour, Conservative victory, hung parliament]. This had a profound impact on the country's political direction and economic policies.
- **Economic Challenges:** The UK continued to grapple with economic challenges, including high inflation and the ongoing impact of Brexit.
- **Social and Cultural Issues:** Issues such as social inequality, climate change, and the cost of living remained prominent in public discourse.
- **International Relations:** The UK continued to navigate its role in the international arena, including its relationship with the European Union and its foreign policy initiatives.

NATIONAL MARKET, LEGAL, REGULATORY, AND COMPANY-SPECIFIC CONDITIONS, AND ESSENTIAL FEATURES OF THE VOTING POLICIES THEY APPLY FOR EACH MARKET

Valgreen covers in its research companies listed on Bucharest Stock Exchange, Vienna Stock Exchange, Prague Stock Exchange, Warsaw Stock Exchange, Frankfurt Stock Exchange, Euronext, and / or London Stock Exchange. Each market has specificities, and each company may have particular practices dictated by its Articles of Association. Valgreen issued Proxy Voting Guidelines for each stock exchange and reviews the policies on yearly basis.

For companies listed on **Bucharest Stock Exchange** there are many particularities:

- Several companies listed on Bucharest Stock Exchange and controlled by Romanian State use to have a very high number of general meetings (for instance ROMGAZ with 11 general meetings, and TRANSGAZ 10 general meetings during 2024). This put an unnecessary pressure on investors that need time and resources for preparing and sending votes at almost every 4 weeks.
- There are several companies controlled by Romanian State that have interim members of the board repetitively appointed for 4 or for 2 months. The practice is ignoring legislation in force that sets that an interim mandate cannot be extended for more than 6 months. The main concern is that Romanian Government imposed this practice, ignoring legal provisions in force and delaying the selection of the professional management without any argumentation.
- The agenda of general meeting is amended in many cases and the investors have less than 5-7 days for voting, that is putting a lot of pressure especially on institutional investors.
- Comparing with other more developed markets, independence of the chair of the board is not popular practice – there are only few companies that have independent chairperson.
- Many of the boards, especially in companies controlled by Romanian State (but not only) have in composition politicians or political related persons, without a proper experience in the area of activity of the company.
- The selection process for future members of the boards is done by committees composed by the candidates, with an obvious conflict of interests position.
- Several members of the boards of companies listed on Bucharest Stock Exchange are overboarded, publish inaccurate resumes or don't attend meetings and other corporate events of the companies.
- In many boards there are no specialists in audit or accounting, as required by regulations in force for person chairing audit committee. The solution identified by some companies was to appoint another person that is not member of the board only for chairing audit committee. This new practice is adding bureaucracy and new expenses to companies when the easiest solution would be to have a member of the board qualified in this area.
- The practice of having a skill matrix for the board and a succession planning is suffering from transparency point of view. In several cases the skill matrix was designated for having appointed a certain person as member of the board, not considering the need of the companies.
- The process for the selection of the board's members is not transparent. In some cases, there is a public process of recruitment, but there are 'preferred' candidates already appointed as interim members of the board (some with strong political affiliations), involved in organising the selection process. Many times, they are the 'lucky' winners of the selection process.
- Even the remuneration level is public, some of the companies don't have a clear remuneration policy, as required by legislation in force, pretending that the policy is not needed as remuneration level is set in legislation in force. Other companies avoid publishing the remuneration of the key management persons, as required under legislation and regulations in force.
- The culture of companies needs to be reviewed, and more transparency is expected regarding the purpose, values and strategy of each company.

- Many of the annual general meetings are overlapping and the companies are not interested in adapting the timing or organising investors events for a better shareholders' engagement.
- Appointing auditors is proposed many times without any presentation on tenure, partners rotation or audit fees proposed for next mandate.
- Only few companies have a gender balance statement or policy, and many don't have any target as percentage for board composition or time horizon.
- The use of electronic voting extended to more companies and eVOTE or internal electronic voting solutions are highly appreciated by investors.
- The number of webcasted general meetings and events for investors increased and the access using technology is an important tool for shareholders' engagement.
- There were more investors events and some of the companies invite all investors to attend (unfortunately some of the companies are continuing the practice of discrimination between investors, but maybe 2025 will bring more improvements).
- Companies implemented dividend policies and shared healthy profits with their shareholders.

For companies listed on **Vienna Stock Exchange** the number of the general meetings is reasonable, especially comparing with Romanian market. The companies use to have an annual general meeting with a standard agenda, very similar with more developed markets. The issues identified during 2024 for companies listed on Vienna Stock Exchange refer to:

- The exaggerated increase for management remuneration, especially for non-independent members of the board.
- Overboarded directors, being appointed in several companies listed on Vienna Stock Exchange.
- Directors that are not attending all board meetings are proposed to be re-appointed.
- Appointing auditors with tenure longer than 9 years, without any explanation or details on the partners rotation.
- The practice of having a skill matrix for the board and a succession planning (especially for members with a very long tenure) is suffering from transparency point of view.

For companies listed on **Prague Stock Exchange** there are only few issues identified related to

- the changes at the level of the boards without a transparent process and
- the gender balance strategies.

For companies listed on **Warsaw Stock Exchange** there are many specificities of the market, especially for companies controlled by Polish Government. The main issue identified during 2024 are:

- Frequent changes at the level of management, without involving any other minority shareholder and without a transparent process.
- No statements on the gender balance at the level of the boards.

For companies listed on **London Stock Exchange** the issues identified are related to the composition of the board – specifically issues related to non-independent chairpersons, members of the board with an excessive tenure or overboarded directors.

For companies listed on **Frankfurt Stock Exchange** there are only few issues identified related to

- the composition of the boards (several political affiliated members of the board, non-independent chairpersons, members of the board with an excessive tenure) and
- the gender balance strategies at the level of the boards (especially for executive boards).

For companies listed on **Euronext**, the issues identified are related to:

- The exaggerated increase for management remuneration, especially for non-independent members of the board
- Changes at the level of the boards appointing new members that are not independent or are overboarded.

THE COMMUNICATION WITH THE COMPANIES

Valgreen has an active dialogue with companies covered, even the representatives of the companies are not willing to respond all the time. For avoid situations when companies refused the response because the questions were not addressed by a shareholder, the partners of Valgreen invested in majority of covered companies and address questions based on the right of shareholders to be informed.

VALGREEN'S MISSION

Valgreen mission is to promote transparency, and implementation of corporate governance principles and integrity in business, especially for listed companies.

VALGREEN'S VISION

We support listed companies to align to the best practices for implementing corporate governance principles, helping for a better engagement of shareholders' engagement in the life of listed companies.



VALGREEN'S VALUES

We choose Valgreen's values based on our personal values, and we have three main directions.

- **Innovation:** Valgreen values innovation and it is always looking for new ways to improve its products, services, processes, and impact, encouraging the companies in its focus to use innovation.
- **Integrity:** Valgreen values integrity and encourage the companies in focus to be honest, ethical, and transparent in its dealings with its stakeholders. We think that integrity builds trust, reputation, and loyalty, and it avoids legal and regulatory risks.

- **Respect:** Valgreen values respect and it is mindful of the diversity, dignity, and rights of all people and living beings, fostering a culture of inclusion, collaboration, and empowerment, and reducing negative impacts on the environment and society.

Valgreen aligns its activity to the Sustainable Development Goals ('SDG')³. SDGs aim to transform our world. They are a call for action to promote prosperity while protecting the planet. Considering its mission and vision, Valgreen identified its main values as being linked with following SDGs:

Goal	Description	Target
Goal 5 	Achieve gender equality and empower all women and girls	5.1 End all forms of discrimination against all women and girls everywhere 5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
Goal 8 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
Goal 10 	Reduce inequality within and among countries	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard 10.5 Improve the regulation and monitoring of global financial markets

³ [The 2030 Agenda for Sustainable Development](#), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet. At its heart are the 17 Sustainable Development Goals, which are an urgent call for action by all countries - developed and developing - in a global partnership. .

Goal	Description	Target
		and institutions and strengthen the implementation of such regulations
Goal 11	 <p>Take urgent action to combat climate change and its impacts</p>	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
Goal 17	 <p>Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>	17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships

CODE OF ETHICS AND POTENTIAL CONFLICTS

Valgreen has in place its Code of Ethics. The Code of Ethics covers:

- Compliance with the laws, rules, and regulations
- Insider trading situations
- Conflict of interest
- Corporate opportunities situations
- Anti-corruption, gifts, and gratuities
- Confidential information status
- Transparency and non-discrimination
- Advising and reporting the ethical issues and
- Document retention policy

During 2024 there were no derogations from the Code of Ethics.

Valgreen published the statement on conflicts describing the potential conflicts of interests:

- Valgreen has not concluded any contractual arrangements with the companies for which issues proxy voting reports.
- The partners of Valgreen have investments in almost all listed companies on Bucharest Stock Exchange BET Index, but they are minority retail shareholders.

FOCUS FOR 2025

It is expected that 2025 to be the last year as proxy advisor for companies listed on Bucharest Stock Exchange as international institutional investors choose to exit many such companies. The reasoning for exiting companies listed on Bucharest Stock Exchange are related to:

- Political involvement in companies where Romanian State controls the general meetings as Hidroelectrica, Nuclearelectrica other companies from energy industry (the actions

were criticised by European Commission and by OECD, but unfortunately there is no changes implemented)

- The very high number of general meeting of shareholders, comparing with other similar companies in Europe
- Unpredictable legislation on taxation
- Frequent conflict of interests' situations for many companies (including for companies that are not in Romanian Government control)
- Transparency issues.

The main objectives for 2025 of Valgreen are:

- o Active monitoring for sustainability reporting
- o Management accountability for shareholder rights policies implementation
- o Management accountability for governance issues, unethical behaviours, non-independence, no implementation of a gender balance policy, breach of the fiduciary duty, breach of market abuse regulation or other regulations with a major impact on the company
- o Public disclosures for material breaches of local legislation and / or corporate governance principles
- o Oversight of artificial intelligence
- o Management accountability for audit committees' activities
- o Improved stakeholders' engagement processes
- o Extending services more to ESG diagnosis than proxy voting activities
- o Extending services related to supply chain due diligence.

Valeria Nistor

Managing Partner