

2023 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 to be made publicly available, free of charge, on www.valgreen.ro and are updated at least on an annual basis.

Summary of 2023 activity

Valgreen issued 169 reports for general meetings for shareholders called during 2023, 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 2023 Valgreen issued proxy advisory reports for general meetings called by 28 companies listed on **Bucharest Stock Exchange**:

- ABN Systems International (ABN) for shareholders’ meeting called for 25 April and 27 September

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.”

- ALRO SA (ALR) for shareholders' meetings called for 25 April, 5 September, 19 September, and 31 October
- AQUILA PART PROD COM (AQ) for shareholders' meeting called for 28 April
- ANTIBIOTICE SA (ATB) for shareholders' meeting called for 14 September 2023 and 30 October
- BITTNET SYSTEMS SA (BNET) for shareholders' meetings called for 27 April and 30 October
- BRD - GROUPE SOCIETE GENERALE S.A. (BRD) for shareholders' meetings called for 16 February, 27 April, and 14 November
- BURSA DE VALORI BUCURESTI SA (BVB) for shareholders' meetings called for 26 April, and 22 November
- CONPET SA (COTE) for shareholders' meeting called for 17 February, 27 April, 21 June, 18 August, 19 September, and 19 December
- Digi Communications N.V. (DIGI) for shareholders' meeting called for 18 August
- SOCIETATEA ENERGETICA ELECTRICA S.A. (EL) for shareholders' meetings called for 27 April, 16 August, 23 August, 22 November and 20 November
- Evergent Investments (EVER) for shareholders' meeting called for 27 April
- Fondul Proprietatea SA (FP) for shareholders' meetings called for 21 April, 18 August and 25 September
- GRUP SERBAN HOLDING S.A. (GSH) for shareholders' meetings called for 28 April and 5 December
- HOLDE AGRI INVEST S.A. (HAI) for shareholders' meeting called for 24 April
- MedLife S.A. (M) for shareholders' meetings called for 27 April, 3 August and 22 December
- ONE UNITED PROPERTIES (ONE) for shareholders' meetings called for 25 April, and 9 October
- ROPHARMA S.A. (RPH) for shareholders' meetings called for 28 November
- Sphera Franchise Group (SFG) for shareholders' meeting called for 27 April, and 4 September
- SIF OLTENIA S.A. (SIF5) for shareholders' meeting called for 27 April
- ROMGAZ SA (SNG) for shareholders' meetings called for 12 January, 30 January, 20 and 27 February, 14 March, 20 April, 26 April, 10 May, 30 May, 27 July, 11 September, 20 September, 25 October, 27 November, and 18 December
- NUCLEARELECTRICA S.A. (SNN) for shareholders' meetings called for 15 February, 26 April, 5 July, 4 December, and 7 December
- OMV PETROM S.A. (SNP) for shareholders' meetings called for 26 April, and 12 September
- TRANSELECTRICA (TEL) for shareholders' meeting called for 26 January, 16 February, 28 February, 27 April, 7 June, 19 June, 18 August, 18 October, 28 November, and 11 December
- Transgaz (TGN) for shareholders' meeting called for 11 January, 16 February, 12 April, 26 April, 14 June, 30 August, 20 September, 11 October, 15 November, and 20 December
- BANCA TRANSILVANIA S.A. (TLV) for shareholders' meetings called for 26 April, and 29 September

- TERAPLAST SA (TRP) for shareholders' meetings called for 28 April and 14 September
- TTS (TRANSPORT TRADE SERVICES) SA (TTS) for shareholders' meetings called for 28 April, 19 June, and 17 November
- PURCARI WINERIES PUBLIC COMPANY LIMITED (WINE) for shareholders' meeting called for 26 May

The activity for companies listed on *Vienna Stock Exchange* extended during 2023 and Valgreen issued proxy advisory reports for general meetings called by 22 companies listed on Vienna Stock Exchange:

- ANDRITZ AG (ANDR) for shareholders' meeting called for 29 March
- AT&S Austria Technologie & Systemtechnik Aktiengesellschaft (ATS) for shareholders' meeting called for 6 July
- BAWAG GROUP AG (BG) for shareholders' meeting called for 31 March
- CA IMMOBILIEN ANLAGEN AG (CAI) for shareholders' meetings called for 4 May, and 10 November
- DO & CO Aktiengesellschaft (DOC) for shareholders' meeting that took place on 20 July
- ERSTE GROUP BANK AG (EBS) for shareholders' meeting called for 12 May
- EVN AG (EVN) for shareholders' meetings called for 2 February and 19 June
- Flughafen Wien AG (FLU) for shareholders' meeting called for 5 June
- LENZING AG (LNZ) for shareholders' meeting called for 19 April
- MAYR-MELNHOF KARTON AG (MMK) for shareholders' meeting called for 26 April
- OMV AG (OMV) for shareholders' meeting called for 31 May
- PORR AG (POS) for shareholders' meeting called for 28 April
- OESTERREICHISCHE POST AG (POST) for shareholders' meeting called for 20 April
- RAIFFEISEN BANK INTERNAT AG (RBI) for shareholders' meeting called for 30 March
- SCHOELLER-BLECKMANN AG (SBO) for shareholders' meeting called for 27 April
- S IMMO AG (SPI) for shareholders' meeting called for 2 May
- Telekom Austria AG (TKA) for shareholders' meetings called for 7 June and 1 August
- UNIQA Insurance Group AG (UQA) for shareholders' meeting called for 6 June
- VERBUND AG (VER) for shareholders' meeting called for 25 April
- Vienna Insurance Group AG Wiener Versicherung Gruppe (VIG) for shareholders' meeting called for 26 May
- VOESTALPINE AG (VOE) for shareholders' meeting called for 5 July
- WIENERBERGER AG (WIE) for shareholders' meeting called for 5 May

Considering Valgreen clients' needs, during 2023 Valgreen issued proxy advisory reports for general meetings called by 16 companies listed on *Warsaw Stock Exchange*

- Allegro.eu S.A. (ALE) for shareholders' meeting called for 12 May
- Alior Bank SA (ALR) for shareholders' meetings called for 10 May and 3 August
- CCC Spółka Akcyjna (CCC) for shareholders meetings called for 12 June and 31 August

- CD PROJEKT S.A. (CDR) for shareholders' meetings called for 18 April and 6 June
- CYFROWY POLSAT (CPS) for shareholders' meetings called for 25 May and 29 June
- DINO POLSKA SPÓŁKA AKCYJNA (DNP) for shareholders' meeting called for 26 June
- LPP SA (LPP) for shareholders' meetings called for 30 June, and 17 November
- MERCATOR MEDICAL S. A. (MRC) for shareholders' meeting called for 27 July 2022 and 20 January
- Orange Polska Spółka Akcyjna (OPL) for shareholders' meeting called for 29 June
- Bank Polska Kasa Opieki SA (PEO) for shareholders' meeting called for 6 June
- PGE POLSKA GRUPA ENERGETYCZNA S.A. (PGE) for shareholders' meeting called for 28 April
- Polski Koncern Naftowy ORLEN (PKN) for shareholders' meeting called for 22 March, and 21 June
- Powszechna Kasa Oszczędności Bank Polski (PKO) for shareholders' meeting called for 21 June
- Powszechny Zakład Ubezpieczeń (PZU) for shareholders' meeting called 13 September
- Santander Bank Polska (SPL) for shareholders' meetings called for 12 January, 19 April, and 20 July
- TAURON POLSKA ENERGIA (TPE) for shareholders' meeting called for 10 May

Many companies listed on *Prague Stock Exchange* have the same investors base as companies listed on Vienna Stock Exchange, so during 2023 Valgreen issued proxy advisory reports for general meetings called by 6 companies listed on Prague Stock Exchange:

- ČEZ, a. s. (CEZ) for shareholders' meeting 26 June
- Colt CZ Group SE (CZG) for per-rollam resolution on 12 June
- KOFOLA ČS (KOFOL) for shareholders' meeting called for 28 June, and for per-rollam resolution on 19 September
- KOMERCNI BANKA (KOMB) for shareholders' meeting called for 20 April
- MONETA MONEY BANK (MONET) for shareholders' meeting called for 25 April
- Philip Morris ČR a.s. (TABAK) for per-rollam resolution on 28 April

During 2023 Valgreen issued proxy advisory reports for general meetings called by several companies listed on *London Stock Exchange* (some of them as dual listing):

- HUMMINGBIRD RESOURCES PLC (HUM) for shareholders' meeting called for 29 June
- City of London Investment Group PLC (CLIG) for shareholders' meeting called for 23 October
- GSK plc (GSK) for shareholders' meeting called for 3 May
- Hon Hai Precision Industry (HHPD) for shareholders' meeting called for 31 May
- Legal & General Group Plc (LGEN) for shareholders' meeting called for 18 May
- SAMSUNG ELECTRONICS CO LTD (SMSN) for shareholders' meeting called for 15 March

During 2023 Valgreen issued a proxy advisory report for general meetings called by 10 companies listed on *Frankfurt Stock Exchange* that has many investors from Romania:

- ADIDAS AG (ADS) for shareholders' meeting called for 11 May
- BASF AG (BAS) for shareholders' meeting called for 27 April
- Coverstro AG (1COV) for shareholders' meeting called for 19 April
- Fresenius Medical Care AG & Co.KGaA (FME) for shareholders' meeting called for 16 May
- Bilfinger AG (GBF) for shareholders' meeting called for 20 April
- HENKEL AG (HEN) for shareholders' meeting called for 24 April
- Hapag-Lloyd AG (HLAG) for shareholders' meeting called for 3 May
- Varta AG (VAR1) for shareholders' meeting called for 11 July
- VOLKSWAGEN AG VZ (VOW3) for shareholders' meeting called for 10 May
- Vitesco Technologies Group AG (VTSC) for shareholders' meeting called for 17 May

During 2023 Valgreen started to cover companies listed on *Euronext* and issued proxy advisory reports for 5 companies:

- o Koninklijke Ahold Delhaize NV (AD) for shareholders' meeting called for 5 July
- o AIRBUS SE (AIR) for shareholders' meeting called for 19 April
- o BNP Paribas (BNP) for shareholders' meeting called for 16 May
- o NOKIA CORPORATION (NOKIA) for shareholders' meeting called for 4 April
- o Prosus NV (PRX) for shareholders' meeting called for 23 August

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.

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 2023 are:

- BURSA DE VALORI BUCURESTI SA (BVB)

TRANSELECTRICA (TEL)

- CONPET SA (COTE)
- Fondul Proprietatea SA (FP)
- HOLDE AGRI INVEST S.A. (HAI)
- 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)
- TTS (TRANSPORT TRADE SERVICES) SA (TTS)

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
- ✓ Valgreen upload the report on its virtual store, in case that other investors are under pressure of time and want to buy it directly
- ✓ For majority of general meetings Valgreen representatives are joining the meeting physically
- ✓ 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 joining Franklin Templeton 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, and ESG educational programmes. She has a professional certificate as a specialist in International Sustainable Business issued by International Association for

Sustainable Economy UK in September 2023. Valeria is a member of The Corporate Governance Institute, and a member of Professional Women Network (and a vice-president and a member of the Board for the association). 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.

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 legal and regulatory specific condition, and in addition 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 15 general meetings, and TRANSGAZ and TRANSELECTRICA hold each 10 general meetings during 2023). 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.
- Several members of the boards of companies listed on Bucharest Stock Exchange are overboarded, publish inaccurate resumes (even there are

criminal investigations started for false statements) 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 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 material votes against is not considered a significant issue and it is not treated seriously, even though there are many cases when shareholders resolutions are approved with less than 80%.
- 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 2024 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 2023 for companies listed on Vienna Stock Exchange refer to:

- The exaggerated increase for management remuneration, especially for non-independent members of the board.
- Changes at the level of the boards (replacing members with experience in audit or accounting with members that are not independent).
- 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 2023 are:

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

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.

For companies listed on **London Stock Exchange**, as main listing, or secondary listing 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.

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 directors.

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

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. .

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 and institutions and strengthen the implementation of such regulations
Goal 11 	Take urgent action to combat climate change and its impacts	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
Goal 17 	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	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 2023 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 2024

The main objectives for 2024 of Valgreen as a proxy advisor are:

- **Active monitoring for board composition and diversity**, considering the gender balance Directive (expected to be implemented), skills diversity and succession plans in place
- **Management accountability for shareholder rights policies implementation**, as there is an expectation of minority shareholders to have a better engagement and a constructive dialogue, ensuring that investors receive fair and equal treatment
- **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
- **Management accountability for ESG disclosures**, as there is an expectation of investors to have transparency on this subject even the companies don't have legal obligation to report

- **Management accountability for Cyber Risk Oversight**, on the basis of a company's oversight or disclosure concerning cyber-related issues
- **Public disclosures** for material breaches of local legislation and / or corporate governance principles
- **Updating the Proxy Voting Guidelines** for each stock exchange, considering the principles above and the particularities and change of legislation for each market
- **Improved shareholders' engagement processes.**

Valeria Nistor

Managing Partner