



OTP Fund Management Ltd. (hereinafter: **Asset Manager**), in accordance with Section 9 of Act LXVII of 2019 on stimulating long-term shareholder engagement and on certain amendments to laws for the purpose of legal harmonisation (hereinafter: the **Act**), has adopted and applies the following shareholder engagement policy with respect to the investment funds it manages and, where the Asset Manager is entitled to exercise voting rights, with respect to investments held in the portfolio of a portfolio-managed client that qualifies as an institutional investor under the Act.

The purpose of the shareholder engagement policy is to set out the rules under which the Asset Manager exercises the voting rights attached to financial instruments held in the funds and portfolios it manages, and to describe how the Asset Manager incorporates shareholder engagement into its investment strategy.

Exercising the option provided by the Act and in order to ensure cost-efficient investment management and to avoid conflict-of-interest situations, the Asset Manager has decided to apply Sections 9–10 only in part, as set out below.

The subject of this shareholder engagement policy is the issuers of financial instruments granting voting rights held in the funds and portfolios managed by the Asset Manager (hereinafter: the **investee company** or the **Company**). The material scope of the policy extends to companies listed or traded on a regulated market in any EEA Member State.

In addition, as part of its engagement aimed at reducing the principal adverse impacts on sustainability factors in the funds and portfolios it manages, the Asset Manager acts in accordance with this shareholder engagement policy.

Depending on the level of engagement, the Asset Manager provides information on the implementation of its shareholder engagement policy—including a general description of its voting behaviour, explanations of the most significant votes and the use of proxy advisor services—on its website.

Even in cases of shareholder engagement, the Asset Manager keeps in view the principle that its operations should be carried out cost-effectively in the interest of

the investors of the funds and the owners of managed portfolios, and based on this principle it distinguishes the following three levels of engagement for Companies within the scope of this policy, on the basis of (i) the level of influence in the Company (equity stake and/or voting rights) and (ii) the relative volume of the equity investment in the Company.

	Investment share does not reach 1%	Investment share 1–10%	Investment share exceeds 10%
Degree of influence does not reach 5%	<i>No shareholder engagement</i>	<i>No shareholder engagement</i>	<i>Basic shareholder engagement</i>
Degree of influence 5–10%	<i>Basic shareholder engagement</i>	<i>Basic shareholder engagement</i>	<i>Priority shareholder engagement</i>
Degree of influence exceeds 10%	<i>Priority shareholder engagement</i>		

A/ No shareholder engagement

For investments in this category, the Asset Manager appears as a financial investor and not as a strategic investor; it makes its investment decisions primarily on the basis of publicly available market information and analyses, and does not participate in the operation or management of the Companies either at the operational or the strategic level.

B/ Basic shareholder engagement

For investments in this category, the Asset Manager appears partly as a financial investor and partly as a strategic investor; it makes its investment decisions primarily based on publicly available market information and analyses and does not participate in the operation of the Companies at the operational level. It does participate in strategic decision-making (including decisions relating to sustainability), but—acting by default in the name of the funds and/or in the absence of an express instruction by the portfolio owner to this effect—does not attend general meetings in person; it exercises its voting rights through a proxy (by default, a proxy granted to the custodian). Given that, for Companies in this category, neither the Asset Manager’s voting power is of strategic significance nor the share of these Companies within the funds or portfolios is of special importance, the Asset Manager does not provide disclosures on its website regarding such votes.

C/ Priority shareholder engagement

Investments in this category are deemed covered by this shareholder engagement policy. In the course of shareholder engagement the Asset Manager acts in accordance with the principles set out below:

1. Monitoring of investee companies' activities

As an integral part of the investment process, the Asset Manager closely monitors and analyses all Companies and other issuers before and during investments made in the actively managed funds. The analysis covers, among others, the following areas: strategy, financial and non-financial performance and risks, capital structure, social and environmental impact, and corporate governance.

This may include the assessment of issuers' own and market data, consideration of research by analysts, discussions held in one-to-one and group meetings, proprietary modelling, and competitor analyses.

In addition to the above, the Asset Manager regularly monitors the financial data and other information published by investee companies and other information relevant to the given Company.

2. Dialogue with investee companies

The Asset Manager considers dialogue with investee companies essential—for example, to influence the Company to improve its corporate governance practices, to ensure long-term value creation, or in relation to any other area of identified concern.

The Asset Manager typically conducts such dialogue during meetings with the Company's officers, by attending annual general meetings and by participating in other shareholder events.

3. Exercise of voting rights and other rights attached to shares

The Asset Manager aims to exercise voting rights in an informed manner. Its voting policy seeks to promote long-term, sustainable and transparent value creation, taking into account the following principles:

4. Consideration of shareholders' long-term interests:

The Company's overarching objective must be long-term shareholder value creation. The investee company's corporate governance framework must be designed to achieve this objective. The board of directors and the executive

management must define a clear strategy for achieving this objective, taking into account all relevant factors and stakeholders.

5. Respect for the rights of all shareholders:

Companies must safeguard the rights of all shareholders and ensure equal treatment of shareholders, while respecting the one share, one vote principle. New share issuances should strive to minimise dilution of existing shareholders.

6. Promotion of an effective and independent governing body:

Members of the Company's board must possess the qualifications, experience and authorisations necessary to perform their duties.

7. Aligning employee incentive structures with the long-term interests of shareholders:

The Company's compensation structure should be aligned with the long-term interests of shareholders while not restricting the Company's ability to attract and retain talented employees. Compensation programmes must be clearly and fully disclosed to shareholders.

8. Striving to reduce adverse social and environmental impacts and ensuring ethical accountability:

The Asset Manager monitors and supports efforts which, in addition to long-term shareholder value creation, ensure that the Company places special emphasis on reducing its adverse environmental and social impacts, on social responsibility and on ethical accountability.

In its dialogue with the Company, the Asset Manager encourages the Company to disclose comprehensively and transparently the information necessary for social, environmental and ethical accountability—such as labour standards, commitment to combating climate change and carbon-. Where the Company is subject to the mandatory reporting scope of the Corporate Sustainability Reporting Directive (CSRD), this paragraph means that reporting should be as comprehensive as possible and the Company should in particular consider treating adverse environmental or social impacts as material and report them. Where the Company is not within the scope of CSRD obligations, the Asset Manager encourages voluntary reporting.

To quantify principal adverse impacts (PAIs) on sustainability factors and thus to support the engagement process, the Asset Manager uses an external data provider (MSCI ESG Research LLC).

While the PAI indicators relating to the given Company are assessed comprehensively, particular attention is paid to performance and trends observed in the following areas:

- Greenhouse gas emissions, including Scope 1/2/3 emissions and total GHG emissions
- Carbon footprint
- Use of fossil fuels
- Share of non-renewable energy consumption and production
- Energy consumption intensity
- Emissions of hazardous and radioactive waste
- Water, waste and material discharges, including the ratio of non-recycled waste

If the Asset Manager deems it justified—for example, because a given adverse impact indicator does not decline over more than one reporting period—it may adjust its general engagement policy and consider, in particular, the following measures:

- It may contact and engage in dialogue with the appropriate bodies of the Company and encourage the Company to reduce relevant emission levels and to improve the quality of disclosures;
- It may speak at the general meeting or vote—taking PAIs into account—on a given resolution;
- As a last resort, it may reduce or eliminate its equity exposure in the Company.

9. Cooperation with other shareholders of investee companies

To influence investee companies and to promote improved corporate governance, risk management, performance or the adequacy of public disclosures, the Asset Manager may cooperate with other shareholders. Such cooperation must not result in a breach of any law, regulatory requirement or recommendation, or the Asset Manager's internal policies.

Cooperation typically takes place at formal or informal meetings with other shareholders.

10. Communication with the relevant stakeholders of investee companies

The Asset Manager may contact stakeholders in order to obtain additional information about the Company that can contribute to a better understanding of

the Company's operations, reputation, capital structure and risks. Communication with stakeholders must not result in a breach of any law, regulatory requirement or recommendation, or the Asset Manager's internal policies.

Relevant stakeholders include professional working groups, credit rating agencies, authorities and non-governmental organisations.

11. Management of actual and potential conflicts of interest related to shareholder engagement

Although in cases covered by this policy the Asset Manager acts uniformly in accordance with the principles set out herein, in the case of each fund and portfolio, the investment decision is still taken individually in line with the interests of the investors of the relevant fund and portfolio.

The Asset Manager refrains from voting in respect of Companies where its short positions exceed its long positions and, to avoid potential conflicts of interest, it refrains from voting in respect of Companies belonging to the OTP Group.

12. Consideration of sustainability risks

When deciding whether to approve items submitted to general meetings by Companies, the Asset Manager pays particular attention to sustainability risks, especially in the case of Companies whose shares are also held by funds managed by the Asset Manager that are consistent with Article 8 or Article 9 of the SFDR.

As a committed investor, in the case of strongly ESG-focused funds that comply with Article 8 of the SFDR, the Asset Manager strives, as part of its sustainability process, to engage in active dialogue with the management of the relevant Companies. This helps identify weaknesses in addressing environmental, social and governance aspects, on the basis of which joint solutions can be sought to improve these areas and thus enhance the long-term success of the investment. The Asset Manager may exclude from the investment universe those companies that consistently refuse to engage in dialogue.