



Good Governance and Management Policy



GOOD GOVERNANCE AND MANAGEMENT POLICY

ARETE Group

The Good Governance and Management Policy (the "**Policy**") of the ARETE Group ("**ARETE**"), which includes, among others, ARETE INDUSTRIAL SICAV a.s., ID No.: 080 31 444, with registered office at náměstí 14. října 642/17, Smíchov, 150 00 Praha 5, outlines ARETE's corporate governance practices, in particular with respect to its management structure, employee relations, remuneration and tax compliance.

Target

The Policy aims to establish and implement a system of procedures, rules, and principles that will ensure the effective, transparent, and accountable operation of ARETE. The purpose of the Policy is to ensure that ARETE is governed and managed in a manner that benefits all stakeholders and contributes to long-term sustainability.

Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector ("**SFDR**") is a regulatory framework designed to promote sustainability and transparency in the financial sector. Compliance with the SFDR is essential for financial institutions, asset managers, and companies offering financial products to incorporate environmental, social and governance ("**ESG**") considerations into their activities.

Effectiveness

The Policy is effective as of 1 January 2023, in the current version dated 15 August 2023.



1. Management Structure

Hierarchy and accountability: We define clear hierarchy structures. Each employee and collaborating partner ("**employee**") has well-defined responsibilities and authority, and procedures for decision-making and approval of individual matters are also defined. ARETE management ensures that responsibilities are assigned based on the skills, experience, and abilities of each individual.

Control Mechanisms: Control mechanisms are designed to enable ARETE to monitor, evaluate and ensure that its activities and processes align with its goals, standards, laws and ethical principles. The control mechanisms serve to minimise risks, detect undesirable events and improve performance. The main control mechanisms include internal control systems, external audits, whistleblowing rules, eligibility checks in the selection of suppliers and partners, etc.

Communication and information flows: We have established and maintain effective and transparent channels for communication and information flows between various levels and departments. This ensures that all employees can access relevant information, and that decision-making is informed by timely and relevant data.

External advisors: We use professional and reputable external consultants and independent experts when necessary.

2. Relations with Employees

Diversity: We promote diversity, equality, and inclusion in relation to our employees. Diversity is key not only in recruitment processes but also in the functioning of ARETE. We foster an inclusive culture and provide equal opportunities for professional development.

Training and Awareness: We implement regular training programmes on sustainability, ESG principles, and the importance of adhering to the SFDR. We provide education to employees and encourage their participation in sustainability initiatives.

3. Remuneration

Fairness: Employee remuneration is fair and based on merit. Clear and measurable expectations and goals are established and subsequently evaluated, and remuneration is awarded based on the employee's actual performance and contribution. Regular feedback is provided to help employees better understand their performance.

Remuneration goals: Individual employees are motivated by personal goals that also include environmental, social and governance aspects, whereby employees actively contribute to sustainability and social responsibility. At the same time, goals are set individually, considering employees' interests and preferences to enable them to develop their skills and competences.

Compliance with budget: Remuneration is set in accordance with ARETE's financial health and budget. Remuneration is sustainable and commensurate with the economic capabilities of the respective companies.

4. Tax Regulation

Tax Policy: We have a clear and comprehensive tax policy that respects relevant legislation and best practices. We have established and adhere to procedures and a system of controls to ensure that tax obligations are properly fulfilled.



Risk Assessment: We conduct regular tax risk assessments to identify potential vulnerabilities and take proactive measures. We have a professional team responsible for ensuring that our operations comply with tax regulations and for monitoring recent changes in tax laws and regulations and incorporating them into our processes.

Disclosure and Reporting: We transparently disclose information about ARETE in the area of taxation in accordance with regulatory requirements and best practices in the sector.

