Transilvania Investments

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Sustainability Report 2023

transilvaniainvestments.ro

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Field of activity	Other financial intermediation n.e.c.
NACE code	6499
LEI Code	254900E2IL36VM93H128

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About the report

Basis for drawing up the sustainability statement

The sustainability report for 2023 captures the sustainability performance of Transilvania Investments Alliance S.A. for the period 01.01.2023 - 31.12.2023. Hereinafter referred to as "Transilvania Investments" or the "Company", the Company is an Alternative Investment Fund Manager (A.I.F.M.) authorized by the Financial Supervisory Authority (A.S.F.) according to Authorization no. 40/115.02.2018 and carries out its activity based on Law no. 74/2015.

Also, Transilvania Investments is authorized as a Retail Investor Alternative Investment Fund (R.I.A.I.F.), being a closed, diversified and self-managed investment company, according to Law no. 243/2019 and A.S.F. Authorization no. 150/09.07.2021.

At this point, the Company has issued independent non-financial statements for the financial period 2020, 2021 and 2022, which were not prepared using one of the voluntary sustainability reporting standards. This year marks the publication of the first Sustainability Report, containing information on the impacts, risks and material opportunities of the Company and the portfolio managed by it in relation to environmental, social and governance aspects. This report has been with reference to the **European Sustainability Reporting Standards (ESRS).** We are aware of the importance of drafting a first sustainability report that is close to international standards and local legal requirements. Thus, during the preparation of this report, situations were observed where operations such as available data collection, automation, policy modernization can be improved. As a result of these observations, an action plan will be drawn up, covering all the situations identified, which we will report on in the coming periods. There were no changes in the presentation of the information included in this report, compared to the previous reporting period or certain errors from previous periods, corrected later.

This sustainability report for 2023 has been prepared on an individual basis and does not cover the upstream and downstream value chain. No information corresponding to intellectual property, know-how or innovation results has been omitted. Also, certain imminent developments or issues under negotiation were not exempted from publication[1].

This year, reporting according to the European Sustainability Reporting Standards (ESRS) and the new European Sustainability Corporate Reporting Directive (CSRD)[2] is voluntary, so the data and processes used for reporting purposes have not been verified by an external provider to find compliance with certain corresponding standardization standards.

The early integration of the requirements of the new CSRD directive and the ESRS standards reinforces our commitment to transparent and accountable reporting, highlighting efforts to embed sustainability at the

[1] As set out in Articles 19a(3) and 29a(3) of Directive 2013/34/EU, if the undertaking has used that derogation

[2] Transposed into Romanian legislation by OMF 85/2024 for the regulation of aspects related to sustainability reporting and by ASF Rule no. 39/2015 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector, with subsequent amendments and completions.

heart of corporate strategy and communication. This structured framework provides a solid basis for showcasing our sustainability initiatives and impact, facilitating clear, relevant and consistent reporting.

The ESRS standards are the mandatory framework for reporting sustainability information from the 2024 financial year onwards. These standards cover areas such as organizational governance, environmental impact, social issues, and stakeholder relations, providing a solid framework for identifying, measuring, and reporting the significant impact that companies have on people and the environment, as well as the effects of sustainability on the Company's development and performance, through the concept of "dual materiality." On 31 July 2023, the European Commission adopted an addendum comprising 12 ESRS standards, of which two are cross-cutting standards (ESRS 1 *General requirements* and ESRS 2 *General disclosures*) and ten are topical standards, covering environmental, social and governance aspects.

Transilvania Investments has used the ESRS 1 standard in the preparation of this Sustainability Report. It describes the architecture of ESRS standards, explains drafting conventions and fundamental concepts, and sets out general requirements for the preparation and presentation of sustainability-related information.

A core component of future ESRS reporting is the double materiality analysis. This analysis determines the material sustainability aspects (impacts, risks and opportunities) that a company must disclose. We conducted such an analysis for the first time in 2023.

In this report, the Company discloses important figures and aspects related to the actual or potential, positive or negative significant impacts of the Company on people or the environment in the short, medium and long term.

The report also includes information on risks and/or opportunities that have a material influence or that can reasonably be expected to have a significant influence on the Company's development, its financial position or its financial performance in the short, medium or long term.

In the following chapters, the involvement and communication with the Company's stakeholders is highlighted, as well as the material topics identified for Transilvania Investments as relevant for 2023. These revelations are accompanied by indicators that allow a concrete and evolutionary evaluation of the topics presented, referring to the methodology and limitations.

In the report, sources of uncertainty and measurement related to forecasts are managed on the basis of clear principles[3]. The Company prepares only mandatory annual budgets, which are approved by the shareholders, without providing any financial forecasts other than these. Any other forecast or additional estimate is not made public, except as required by law or when the Company or regulatory bodies deem it necessary to include such information in periodic reports or other public presentations. This mode of operation reflects a clear framework for managing uncertainty, limiting exposure to unforeseen fluctuations or misinterpretations of financial data, focusing on transparency and legal compliance.

[3] More details regarding the company's forecasting policy are available online: https://transilvaniainvestments.ro/wp-content/uploads/2022/08/Politica-de-previziuni-TRANSI-EN.pdf

Time horizons

According to the Transilvania Investments' Investment Strategy for the period 2024-2028, the investment horizon is a medium/long one. These circumstances determine that the Sustainability Report aligns with these horizons. The Company uses the following definitions for investment horizons:

- Short: < 1 year
- Short-medium: 1-3 years
- Medium-long: 3-5 years
- Length: > 5 years

Structure of the report

The structure of the report is divided into 6 chapters as follows:

The "**Overview" chapter** describes the key information of Transilvania Investments, the financial figures related to this report, the message of the Management but also the key moments that took place during the reporting period.

In the chapter **"Analysis of material subjects"** the construction process of the double materiality analysis, according to ESRS standards, is presented.

The "**Governance"** chapter presents information on corporate governance and transparency, ethical business conduct, the roles and responsibilities of the Supervisory Board and the management of supplier relationships. This chapter has been constructed using the ESRS G1 Professional Conduct and ESRS 2 GOV standards as a reference.

The chapter **"Environmental performance"** presents information on energy and water consumption and waste management.

The chapter **"Social Performance"** presents the policies related to this topic, as well as data on employee well-being and working conditions, diversity and inclusion, health and safety, employee training and Transilvania Investments' involvement in communities through CSR (Corporate Social Responsibility) initiatives.

In the "**Our Portfolio" Chapter,** the analysis of the impacts, risks and opportunities related to sustainability at the level of Transilvania Investments' portfolio is presented, along with a series of information on the composition of the portfolio.

Overview

A new level of transparency for Transilvania Investments on sustainability

Dear partners,

In the face of today's global challenges, *Transilvania Investments* reaffirms its commitment to contribute to a more responsible, inclusive and sustainable economy. In recent years, we have taken an integrated approach to our economic, social and environmental impact, now culminating in the launch of our first sustainability report, which includes dual materiality analysis and follows the European Sustainability Reporting Standards (ESRS).

With the publication of this report, we mark a milestone in our concern to build a sustainable future. We strongly believe in responsible management of our portfolio and in achieving results that not only bring value to shareholders, but support communities and protect the environment. Today, more than ever, our efforts include reducing our carbon footprint, improving resource efficiency, and meeting the highest standards of governance.

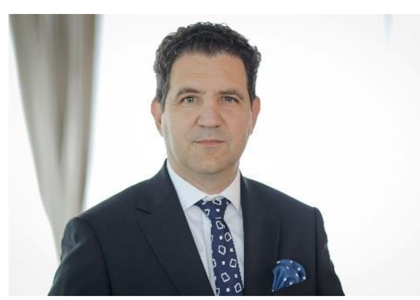
In the future, we aim to pay special attention to investments in green technologies and renewable energy solutions, a direction that promises to significantly reduce environmental impact. Also, resource efficiency and implementation of circular economy principles are key areas we are considering to reduce waste and optimize the use of materials within our work. Equally, we recognize the growing importance of positive social impact, and our priorities are to support the development of communities and a strong ethical governance framework. In this regard, we are exploring ways to report and measure the effects we can have on society. At the same time, we are preparing for a period marked by climate change, by considering investments in resilient projects, which can protect infrastructure and mitigate climate risks.

In this report, we highlight our current achievements as well as areas for improvement. We see this report as a solid foundation for our continued evolution and as a commitment to continuously raising our sustainability standards. We are aware that the trust of shareholders and partners is earned through concrete and consistent actions and adapting our activities to create a positive impact remains a key priority.

We are happy to invite you to join us on this ambitious journey, in building a more resilient, sustainable and inclusive future for all.

Thank you,

Marius-Adrian MOLDOVAN
Executive President



Transilvania Investments Alliance S.A. (hereinafter referred to as "Transilvania Investments" or the "Company") is an Alternative Investment Fund Manager (A.F.I.M.) authorized by the Financial Supervisory Authority (A.S.F.) according to Authorization no. 40/15.02.2018 and carries out its activity based on Law no. 74/2015. Also, Transilvania Investments is authorized as a Retail Investor Alternative Investment Fund (R.I.A.I.F.), being a closed, diversified and self-managed investment company, according to Law no. 243/2019 and A.S.F. Authorization no. 150/09.07.2021.

The Company is a Romanian legal entity, incorporated as a joint stock Company. Transilvania Investments shares are traded on the Bucharest Stock Exchange under the symbol TRANSI (formerly SIF3), in the Premium category, and are held by Romanian and foreign shareholders, both individual and institutional. Transilvania Investments is regulated and supervised by A.S.F.

The Company is managed in a dualist system, having an Executive Board that acts under the supervision of a Supervisory Board. According to the Articles of Incorporation, the Company's main activities are the management of the investment portfolio and the management of the associated risks.

Transilvania Investments has a portfolio predominantly oriented towards the Romanian capital market, with major investments in companies in the financial-banking, tourism, real estate and energy sectors. The diversified portfolio includes equities, fixed income instruments, fund units/ETFs, investment fund holdings, shares and alternative financial instruments, respecting the rigors of the risk profile and the status of R.I.A.I.F.

As of December 31, 2023, the Company's portfolio included shares in 71 companies, equity interests in 1 issuer, fund units in 6 investment funds, equity securities in the nature of capital holdings in an entity, government securities issued by the Ministry of Finance and preferential rights held in a Company.

Transilvania Investments' investment objectives:

- Maximizing returns for current and potential shareholders, in accordance with applicable law;
- Increase the value of net assets through high-performance management, oriented towards generating added value, through active and prudential asset management in the trading, tourism, real estate, industry and venture capital/private equity sectors.

Total value of the portfolio of financial instruments

RON 1,739,227,001

Total asset value

RON 1,824,000,934

Net asset value

RON 1,732,766,109

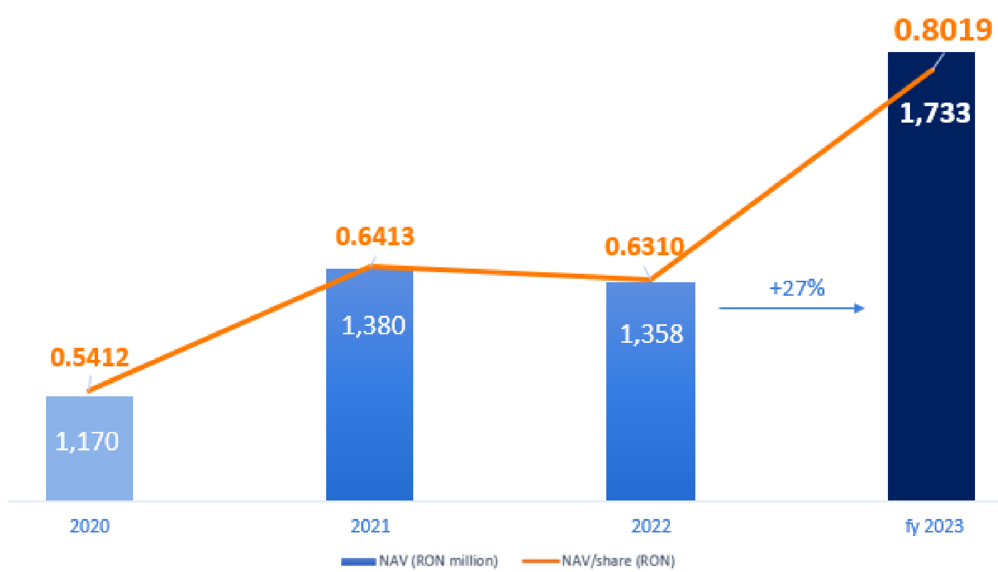
Number of offices

1 head office in Brașov and 1 representative/office in Bucharest

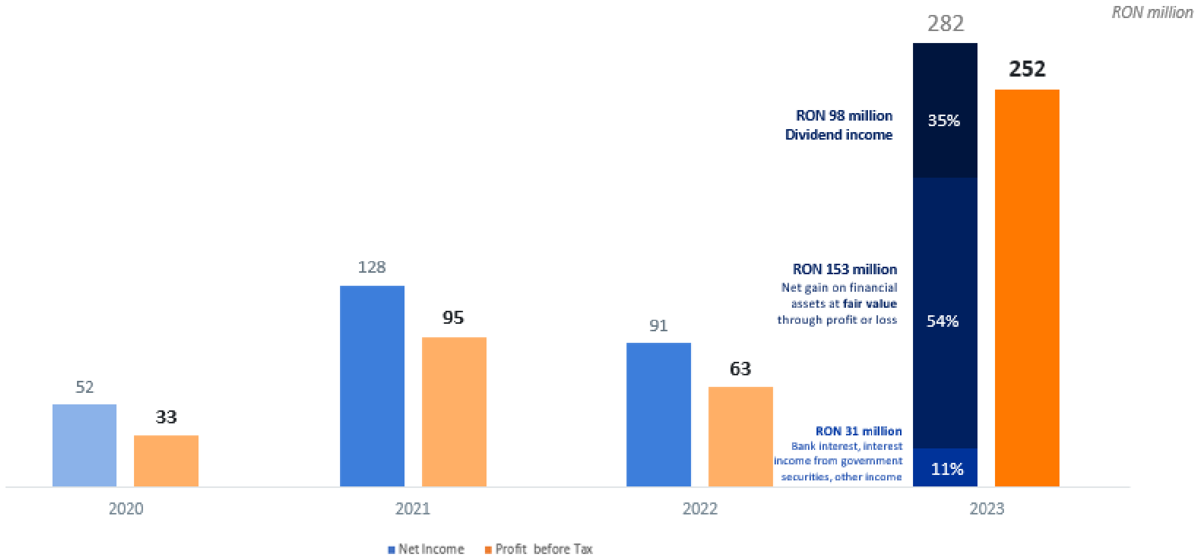
Total number of employees

37

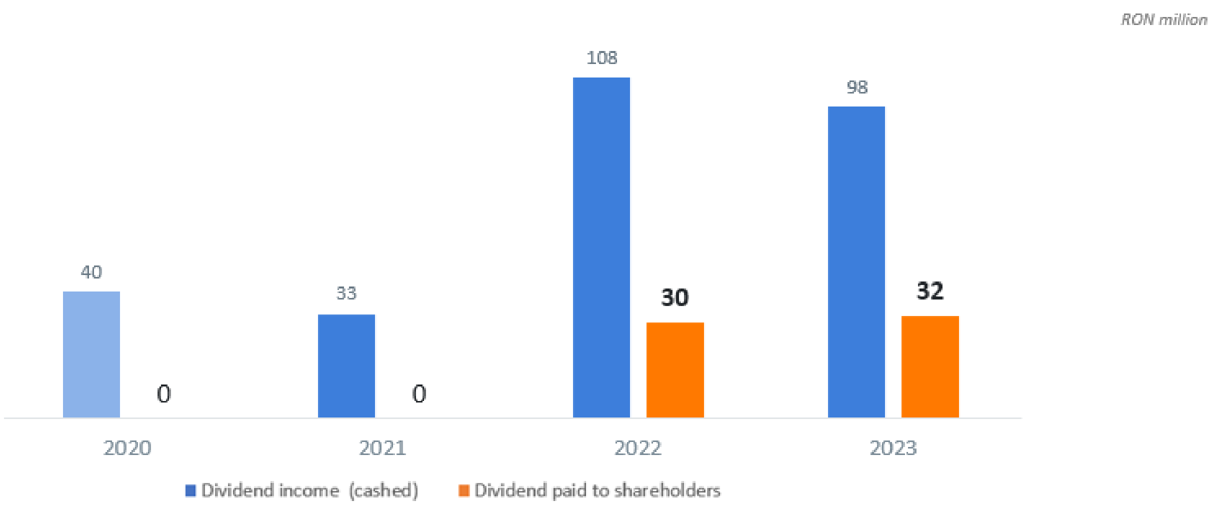
Company results and shareholder remuneration



- In the period 2020-2023, **the value of the fund's assets increased** by over **48%**, from RON 1.17 billion to RON 1.73 billion. The increase in the value of assets is the result **of the implementation of investment strategies, programs and projects** at the Company level.
- Both the rebalancing of sector exposures and the restructuring of historical equity investment led to **an increase in the quality of the managed portfolio**. **Unit Net Assets recorded a** record value of **RON 0.8019** at the end of 2023.



The Company's **revenues** recorded a value of **RON 282 million** in 2023, and **the profit before tax** amounted to **RON 252 million**, up by approximately 300% compared to the profit of the previous year, being **the best result obtained in the last 5 years** by the Company.



After a two-year period of consolidation (2020 and 2021), starting with 2022, **shareholders are remunerated** through **dividends**, and from 2023 they are also remunerated through complementary instruments represented by **TRANSI share buyback programs**, followed by shares cancellation and reduction of share capital.

In **2023**, the shareholders approved the buyback of **12 million shares** to reduce the share capital, and the buyback of **8 million shares** for Stock Option Pan.

In the table below we present the key financial figures for the financial year 2023 and **the evolution compared to the previous year**:

Tabel 1 - The statement of financial position as at 31 December 2023 (compared to 2022)

Indicators	31.12.2023	31.12.2022
Cash and cash equivalents	60,202,503	47,173,996
Financial assets at fair value through profit or loss	811,804,885	646,510,745
Government bonds at fair value through profit or loss	52,347,521	31,653,276
Financial assets at fair value through other comprehensive income	875,074,595	669,338,157
Financial assets at amortized cost	2,955,488	6,719,070
Other assets	569,634	951,713
Intangible assets	124,564	82,473
Tangible assets	20,018,840	18,029,683
Investment property	-	2,119,862
Right-of-use assets under leases	902,902	3,514,086
Total assets	**1,824,000,932**	**1,426,093,062**
Financial liabilities	15,071,538	26,908,594
Leasing liabilities	1,009,620	3,988,871
Deferred tax liabilities	57,027,539	30,129,459
Current income tax liabilities	15,055,236	3,650,349
Other liabilities	2,435,052	1,147,317
Provisions for risks and expenses	635,838	2,105,540
Total liabilities	**91,234,823**	**67,930,130**
Share capital	216,244,380	216,244,380
Retained earnings	390,300,023	206,004,942
Revaluation reserve on financial assets at fair value through other comprehensive income	292,981,541	133,897,466
Tangible assets revaluation reserve	15,421,454	15,602,907
Other reserves	815,626,279	784,291,364
Own shares	(475,749)	(2,786,400)
Employee and management benefits in the form of equity instruments	2,668,181	4,908,273
Total equity	**1,732,766,109**	**1,358,162,932**
Total liabilities and equity	**1,824,000,932**	**1,426,093,062**

Tabel 2 - Statement of profit or loss and other comprehensive income as at 31 December 2023 (compared to 2022)

Indicators	31.12.2023	31.12.2022
Dividend income	98,477,235	107,805,920
Bank interest income	2,684,194	1,259,682
Interest income from government securities classified as financial assets at fair value through the profit or loss account	1,913,399	638,889
Net gain/(loss) from financial assets at fair value through profit or loss	153,310,939	(34,188,741)
Other operating income	25,965,457	15,824,187
Net operating income	**282,351,224**	**91,339,937**
Personnel expenses, total, of which:	(18,219,434)	(12,157,454)
Personnel remuneration expenses	(16,804,273)	(14,565,223)
Stock Options Plan Expenses	(1,415,161)	(1,545,798)
Variable remuneration provision expenses	-	-
Income from the reversal of the provision for benefits to employees, members of the Executive Board and the Supervisory Board	-	3,953,567
Commission expenses	(2,489,823)	(2,257,533)
(Loss)/Reversal of loss from assets impairment	1,666,921	208,904
Operating expenses	(12,706,597)	(11,294,501)
Financing costs	(39,273)	(878,469)
(Loss)/Reversal of loss from provisions	1,207,201	(1,809,107)
Total expenses	**(30,581,005)**	**(28,188,160)**
Profit before tax	**251,770,219**	**63,151,777**
Income tax/(expense)	(14,728,512)	569,961
Net profit of the year	**237,041,707**	**63,721,738**
Other comprehensive income Items that will not subsequently be classified to profit or loss		
Net Gain (Loss) on deferred tax, on revaluation of financial assets at fair value through other comprehensive income	169,769,794	(88,134,703)
Increases/(Decreases) in the tangible asset revaluation reserve, net of deferred tax	107,940	3,623,423
Other comprehensive income of the year - total	**169,877,735**	**(84,511,281)**
Total comprehensive income of the year	**406,919,442**	**(20,789,542)**

Investor relations

- ✓ The actions carried out in this area since 2021, permanently supported and developed by the Company, resulted in a Vektor score (the indicator **of communication with investors** for companies listed on the stock exchange, granted by the Romanian Association for Investor Relations) of **9.5 points** (out of 10 possible points), up from the score of 7 points obtained in 2020.
- ✓ Thus, Transilvania Investments' sustained effort to implement **the best corporate governance practices is reconfirmed**, as well as the Company's interest **in communicating with investors** through reports and events dedicated to them.
- ✓ Transilvania Investments organizes annually the **Investors' Day**, an event to which investors, analysts and members of the financial community are invited to discuss with the management team the achievements and future plans of the investment fund.
- ✓ With the occasion of the annual or interim financial reports (quarterly and half-yearly), the Company organizes **conferences with investors and analysts** to present the financial statements.

IT Infrastructure

- ✓ Transilvania Investments has implemented and certified the ISO/IEC 27001:2013 Information Security Management System
- ✓ The projects within the Company also aimed at an extensive process of implementing a **new I.T. infrastructure.**
- ✓ At the same time, the Company has developed a new business continuity plan - **BCP,** based on the new IT capabilities that allow the replication of all critical systems.

Aspects related to the Portfolio

Tourism

- Signing of the franchise agreement between the representatives of Accor Group and Aro-Palace S.A., which aims at the consolidation and complete transformation of the Capitol Hotel in Brasov, its reopening being set for the end of 2025, under the name Mercure Brașov Center;
- Continuation of the rehabilitation works for the new Venus complex: a state-of-the-art aqua park in 1 Mai Resort (Bihor County), with a capacity of 2,000 visitors simultaneously, 7 pools for adults, 2 pools for children, restaurants and sports fields, managed by Turism Felix S.A.; the complex was partially put into use on 19.08.2023, the completion of the investment being set for 01.05.2024.
- Change of the business model at THR Marea Neagră S.A. by renting the assets, leading to the profitability increase of the stake held by Transilvania Investments.

Real estate

- For the assets in Brasov, the occupancy rate was increased and a program to modernize the spaces and infrastructure for some of them was implemented
- On the Casa Albă industrial platform in Sibiu, a public consultation project was carried out to identify the projects for the regeneration of the industrial site and urban reintegration. At the

same time, new projects were started to capitalize on the real estate assets, with commercial or logistics activities as destinations.

- The industrial activity on the Independenţa SA Sibiu platform has been transformed and the old production halls have been reintegrated into the economic and social circuit of Sibiu. The modernization of the existing spaces and infrastructure allows storage activities, but also production activities (unique crane-type equipment has been preserved). The effect is the increase in revenues of more than 50%. A project for the construction of 4 new halls on 10 hectares of unoccupied land is currently being implemented.

Analysis of material topics

The double materiality analysis, in the context of CSRD, follows the impact that Transilvania Investments has on the environment, society or economy (inside-out perspective, so-called impact materiality), but also the impact that society and the environment have on the organization (outside-in perspective, called financial materiality). Therefore, the double materiality consists of two components: Impact materiality and Financial materiality.

This exercise of double materiality analysis was the first carried out by Transilvania Investments. Thus, there were no significant changes in impacts, risks and opportunities compared to the previous reporting period.

Stakeholder involvement

The underlying element of the materiality analysis process, in accordance with ESRS standards, is the identification of stakeholders. Through this process, Transilvania Investments involves the groups of people who influence the Company's activities or who are affected or influenced by these activities. At the same time, this process recognizes the importance of stakeholders and their valuable contribution, which plays an important role for the Company's business model and strategy.

The stakeholders consulted in the evaluation process of the material topics were the departments of Trading, Portfolio Management, Finance-HR, Corporate Governance, Legal, Risk and Compliance.

Materiality of impact

The materiality analysis of the impact was based on the assessment of the impacts that the Company causes or contributes to through its relationships and business model, strategy or activities. Starting from the ten ESRS thematic standards, the relevant impacts for the Company in the areas of Environmental, Social and Governance (ESG) were identified. At the same time, with the help of thematic standards, the list of significant material topics for Transilvania Investments was outlined, so each impact was associated with a certain material theme that had an ESRS reference standard assigned. Finally, the impacts were assessed by the Company's stakeholders, thus revealing their individual level of significance at the moment.

The materiality threshold for impact materiality was set to 30% of the maximum score that could be obtained. The impacts associated with the material themes were evaluated with the help of a tool, created specifically for this process, in MS Excel format.

The impact assessment included 4 criteria for identifying them, namely the type of impact (Actual or Potential), the nature of the impact (Positive or Negative), the time horizon in which the impact will materialize (long, medium or short term), and the location of the impact on the value chain (upstream, downstream or in its own operations). Following the setting of these criteria, respondents were able to evaluate all the impacts identified by giving a score from 1 to 4 for 4 scales of severity measurement, as defined by the ESRS standards: Probability, Scale, Scope and Irremediability.

Impact's type

The impacts were divided by type into real impacts, which are already occurring or happening, and potential impacts, which are not yet occurring but there is a probability that they will occur. Thus, for real impacts, a maximum score (of 4) is given on the probability scale and for potential impacts, respondents choose a score between 1 and 3, depending on the probability they assess for the materialization of that impact. However, the option to give the maximum score for a potential impact remained open, if the respondent had chosen this option, basing his judgment on a very high probability for that potential impact.

Impact's character

Impacts have been divided by character into negative and positive impacts, taking into account their effect on the environment, society or economy. Negative impacts have the assessment attributed by the scale of irremediability. Irremediability measures at which level the impact can be remedied, in case the impact materializes. For positive impacts, irremediability is not measured.

Time horizon

For each impact identified, respondents estimated the time horizon in which this impact can materialize. The options for the time horizons were as follows:

- Short: < 1 year
- Short-medium: 1-3 years
- Medium-long: 3-5 years
- Length: > 5 years

Within the analysis, all impacts, risks and opportunities were identified as relevant for Transilvania Investments in the long term (> 5 years) as they require continuous monitoring. This approach ensures proactive oversight of ESG factors that can influence long-term investment performance.

Value chain location

This criterion had the role of identifying material impacts beyond its own operations. For this materiality analysis process, there were two types of impact assessment, namely at Company level and at portfolio level. Thus, there were different impacts, identified at the Company level, respectively at the portfolio level, given that Transilvania Investment is an investment fund with an extensive portfolio. The Company is not obliged to include value chain information in this report, but portfolio-level impacts have been assessed. The materiality analysis at the Company level renders the significance of the impacts strictly for Transilvania Investments, without extending the analysis for the industries in the Company's portfolio. Material topics at Company level and related information requirements are the subject of this report. The separate analysis for all industries in the portfolio is presented in the chapter **"Our portfolio".**

Probability

This scale measures the likelihood that the impact will materialize. For actual impacts, as defined by type, probability is given a maximum score because these impacts already exist and are happening at the Company level.

Scale

It measures the magnitude of the impact, in terms of severity for negative impacts or in terms of how beneficial the positive impacts are.

Scope

It measures the dimension of negative or positive effects on the environment, people, society or the economy.

Irremediability

It measures whether and to what extent negative impacts could be remedied. For positive impacts, a score is not given to irremediability.

All these criteria form the degree of significance of the impact and classify the identified impacts. The significance score is the result of multiplying the probability score by the severity score, consisting of scale, scope and irremediability (in the case of negative impacts). The severity score is given by choosing the maximum score from the 2 or 3 criteria, depending on the character of the impact to capitalize on the significance of any individual criterion.

Thus, all impacts could reach a maximum score of 16, ensuring an equal level of comparability. In order to be represented as a percentage, the impact scores were divided by this maximum score and the impacts with a minimum percentage of 30% were declared significant. For these, the reporting according to the related information requirements of the ESRS standards was pursued. For impacts with a percentage below 30%, reporting was pursued according to the minimum reporting requirements associated with the specific ESRS indicators.

Financial materiality

Financial materiality allows companies to identify risks and opportunities that can influence them, negatively or positively, from a financial point of view. To assess the financial materiality, a tool created specifically for this process was used, in MS Excel format.

The identification of risks and opportunities took into account the previously identified impacts as well as the list of topics identified as materials. Based on an analysis of the Company's activities and the business model, a series of risks and opportunities emerged, associated with material topics, mapped on ESG areas and were evaluated.

This assessment included 2 criteria for identifying them, namely the time horizon in which the impact will materialize (long, medium or short term), and the location of the impact on the value chain (upstream, downstream or in own operations). Following the setting of these criteria, respondents were able to evaluate all the identified impacts by giving a score from 1 to 4 for 2 severity measurement scales, as defined by the ESRS standards: Probability and Magnitude

As in the case of the impact materiality analysis, the time horizon and the location in the value chain had the same object. The Risks and Opportunities identified at the Transilvania Investments portfolio level have been assessed separately and are described in the chapter **"Our Portfolio".**

Financial probability

In this analysis, the probability scale measures the level of probability of risks or opportunities that will materialize.

Financial magnitude

It measures how great the effect of the risk or opportunity would be if it materialized.

These criteria form the degree of significance of the identified risks and opportunities and classify them. The significance score is the result of multiplying the probability score by the magnitude score. All risks and opportunities could thus reach a maximum score of 16, ensuring an equal level of comparability. To be represented as a percentage, their scores were divided by this maximum score. The financial impact analysis did not accurately quantify the financial magnitude, but the financial aspect was taken into account in the evaluation judgment. Therefore, for the financial materiality analysis, no materiality thresholds have been set, but it provides guidance on the financial impact that the Company could potentially have in the future. Current and anticipated financial effects or other input parameters were not estimated in this year.

Description of impacts, risks and opportunities

The impacts, risks and opportunities as well as the results of their assessment are described in the table below, including how they affect, negatively or positively, the environment, people, society or the economy as well as the time horizon and where they are concentrated in the value chain.

Area	Material Theme	Impact Description	Impact Type	Impact Character	Expected time horizon	Location in the value chain	Meaning
Environment	**Energy consumption and efficiency**	The Company's use of energy, especially in its offices, contributes to overall carbon emissions. Reducing energy consumption and improving efficiency have a direct impact on environmental sustainability.	Real	Negative	Long term (5+ years)	Own operations	Low significance (25%)
	Carbon emissions from operations	Operational infrastructure generates emissions. The Company's carbon footprint affects the environment and compliance with EU carbon reduction targets.	Real	Negative	Long term (5+ years)	Own operations	Low significance (25%)
	Waste Management Practices	Inefficient waste disposal can lead to environmental degradation, especially in terms of landfill	Potential	Positive	Long term (5+ years)	Own operations	Low Significance (18.75%)

		contributions. Recycling and reducing waste generation are crucial to minimize environmental impact.					
	Water consumption	The use of water in offices contributes to the Company's environmental footprint by affecting local water resources.	Real	Negative	Long term (5+ years)	Own operations	High significance (50%)
	Sustainable procurement	Purchasing environmentally friendly materials for daily operations (e.g. office supplies) can have a positive impact on the sustainability of the supply chain and reduce indirect environmental damage.	Potential	Positive	Long term (5+ years)	Own operations	Low Significance (18.75%)
Social	**Employee well-being and satisfaction**	Company policies on employee well-being directly affect the morale and productivity of the workforce, impacting social structures such as work-life balance and mental health.	Potential	Positive	Long term (5+ years)	Own operations	High Significance (56.25%)
	Diversity and inclusion	By encouraging diversity and inclusion, Transilvania Investments creates a more inclusive	Potential	Positive	Long term (5+ years)	Own operations	Low Significance (37.5%)

		workplace that influences society's perceptions of fairness and equality in business.					
	Community engagement through CSR	Through its CSR initiatives, the Company plays a role in the development of the community, strengthening the local economy.	Real	Positive	Medium term (2-5 years)	Own operations	High significance (50%)
	Health and safety measures	Prioritizing employee health and safety not only affects staff well-being, but also the Company's contribution to healthier working environments in the sector.	Real	Positive	Long term (5+ years)	Own operations	High significance (50%)
	Training and development programs	Providing continuous training helps to increase employees' skills, positively affecting their career growth and societal progress through increased employability.	Real	Positive	Long term (5+ years)	Own operations	High significance (50%)
Governance	**Corporate governance and transparency**	High levels of transparency in governance affect shareholder confidence and can serve as a model for ethical business conduct in	Real	Positive	Long term (5+ years)	Own operations	High significance (75%)

		Romania's financial sector.					
	Ethical Conduct in Business	By maintaining high standards of ethics and anti-corruption practices, the firm contributes to building trust in the financial services sector.	Potential	Positive	Long term (5+ years)	Own operations	Low Significance (37.5%)
	Supervision and responsibility of the Supervisory Board	Strong board oversight ensures that the Company adheres to best practices, positively influencing corporate governance standards in the market.	Real	Positive	Long term (5+ years)	Own operations	High significance (75%)
	Stakeholder involvement	Effective involvement of stakeholders (e.g. shareholders, regulators) improves corporate governance practices and strengthens the firm's position as a transparent entity.	Potential	Positive	Long term (5+ years)	Own operations	Low Significance (37.5%)

Area	Material Theme	Risks/Opportunities	Description Risks/Opportunities	Expected time horizon	Location in the value chain	Meaning
Environment	**Energy consumption and efficiency**	Risk: Rising energy costs	Increases in energy prices due to environmental factors (e.g. stricter energy regulations can significantly increase operational costs).	Long term (5+ years)	Own operations	Low Financial Impact (18.76%)
		Opportunity: Investments for energy efficiency	Investing in energy-efficient systems (LED lighting, energy management) to reduce costs and carbon footprint	Long term (5+ years)	Own operations	Low Financial Impact (18.76%)
		Opportunity: Investing in the energy transition	Transitioning to renewable energy sources for offices, reducing emissions and improving ESG performance	Long term (5+ years)	Own operations	Low financial impact (12.5%)
	Carbon emissions from operations	Risk: Regulatory non-compliance	Failure to comply with EU sustainability regulations and targets (e.g. Paris Agreement, SDGs, EU Taxonomy) could lead to fines, operational disruptions and reputational damage	Long term (5+ years)	Own operations	Low financial impact (25%)
		Risk: Adaptation to climate change	Climate change (e.g. extreme weather conditions) poses risks to the	Long term (5+ years)	Own operations	Low financial impact (25%)

			Company's operational infrastructure, leading to higher costs and reduced efficiency.			
		Risk: Reputational risks related to high carbon footprint	Poor environmental performance could alienate ESG-conscious investors and damage the Company's reputation.	Long term (5+ years)	Own operations	Low financial impact (6%)
	Water consumption	Opportunity: Implementation of water consumption efficiency practices	Implementing water-efficient technologies, reducing use and helping to achieve sustainability targets.	Long term (5+ years)	Own operations	Low financial impact (6%)
	Waste Management Practices	Risk: Liability for environmental impact	Minimum legal liability for environmental damage (e.g. waste or emissions from operational activities).	Long term (5+ years)	Own operations	Low financial impact (6%)
		Opportunity: Implementation of waste reduction programs	Implementing waste reduction and recycling programs, improving sustainability scores and reducing disposal costs.	Long term (5+ years)	Own operations	Low Financial Impact (18.75%)
	Sustainable procurement	Opportunity: Working with sustainable suppliers	Preference for eco-certified suppliers to improve supply chain	Long term (5+ years)	Own operations	Low financial impact (12.5%)

			sustainability and green procurement scores			
Social	**Employee well-being and satisfaction**	Risk: Talent retention and employee turnover	High employee turnover due to unmet employee expectations or lack of well-being programs could affect the Company's operational efficiency and profitability.	Long term (5+ years)	Own operations	Low financial impact (37.5%)
		Risk: Changing workforce expectations	Societal shifts towards flexible working and a better work-life balance could put pressure on the Company to adapt its policies or face dissatisfaction from the workforce.	Long term (5+ years)	Own operations	Low financial impact (6%)
	Training and development programs	Opportunity: Implementation of training and development programs for employees	Offering continuous professional development programs to drive innovation and talent retention.	Long term (5+ years)	Own operations	Low financial impact (25%)
	Community engagement through CSR	Risk: Reputational risks from low involvement in CSR	Poorly managed CSR programs or failure to engage with local communities can negatively affect the Company's reputation and stakeholder trust.	Long term (5+ years)	Own operations	Low Financial Impact (18.75%)

		Opportunity: Development of CSR programs	Expanding CSR programs to increase the Company's social impact and reputation.	Long term (5+ years)	Own operations	Low financial impact (12.5%)
	Diversity and inclusion	Risk: Diversity risks	Failure to properly address diversity and inclusion could lead to both legal challenges and affect the Company's ability to attract top talent.	Long term (5+ years)	Own operations	Low financial impact (6%)
		Opportunity: Developing an inclusive workplace environment	Creating an inclusive work culture to attract diverse talent and drive innovation	Long term (5+ years)	Own operations	Low financial impact (12.5%)
	Health and safety measures	Risk: Health and safety regulations	As health and safety standards become more stringent, failure to comply could lead to fines or damage the Company's reputation as a responsible employer.	Long term (5+ years)	Own operations	Low Financial Impact (18.75%)
Governance	**Ethical Conduct in Business**	Opportunity: Improving compliance mechanisms	Improving compliance mechanisms can reduce legal risks and protect the Company against litigation	Long term (5+ years)	Own operations	Low financial impact (37.5%)
		Opportunity: Development of ethics and anti-corruption policies	Adopting rigorous anti-corruption and ethics policies can	Long term (5+ years)	Own operations	Low financial impact (6%)

			increase investor and public confidence.			
		Risk: Cybersecurity and data privacy risks	Governance failures in data protection could lead to regulatory fines (e.g., GDPR violations) and affect customer trust.	Long term (5+ years)	Own operations	Low financial impact (25%)
	Corporate governance and transparency	Risk: Failure to comply with corporate governance	Weak governance structures or non-compliance with regulatory requirements could lead to legal and financial penalties.	Long term (5+ years)	Own operations	High financial impact (50%)
		Opportunity: Sustainability Reporting (ESG)	Implementing transparent and rigorous ESG reporting can attract socially responsible investors and improve the Company's reputation.	Long term (5+ years)	Own operations	Low financial impact (25%)
	Stakeholder involvement	Risk: Poor communication with stakeholders	Poor communication with stakeholders (e.g., lack of transparency) could erode trust and damage the Company's reputation.	Long term (5+ years)	Own operations	Low Financial Impact (18.75%)
		Opportunity: Developing organizational culture	Developing an ethics-based organizational culture can increase	Long term (5+ years)	Own operations	Low financial impact (25%)

			employee loyalty and improve operational efficiency			
	Supervision and responsibility of the Supervisory Board	Risk: ESG misalignment	Poor ESG integration into decision-making could lead to reduced investor confidence and missed opportunities in sustainable finance.	Long term (5+ years)	Own operations	Low financial impact (6%)
		Opportunity: Board Diversity Deficit	The lack of diversity in the boardroom could weaken decision-making processes and reduce alignment with modern governance expectations.	Long term (5+ years)	Own operations	Low financial impact (6%)
		Opportunity: ESG responsibility in decision-making	Incorporating ESG principles into decision-making helps guide the Company towards long-term sustainability.	Long term (5+ years)	Own operations	High financial impact (56%)

The impacts, risks and opportunities presented above were correlated with the reporting requirements of the ESRS and also with the list of material topics identified, as can be seen in the table below:

Material Theme	Impact	Risks/Opportunities	ESRS Reference Standards
Water consumption	The use of water in offices contributes to the Company's environmental footprint by affecting local water resources.	Implementing water-efficient technologies, reducing use and helping to achieve sustainability targets.	E3-4
Employee well-being and satisfaction	Company policies on employee well-being directly affect the morale and productivity of the workforce, impacting social structures such as work-life balance and mental health.	Talent retention and employee turnover; Changing expectations of the workforce;	S1-1; S1-2; S1-3; S1-16; S1-8; S1-10; S1-11; S1-15
Diversity and inclusion	By encouraging diversity and inclusion, Transilvania Investments creates a more inclusive workplace that influences society's perceptions of fairness and equality in business.	Failure to properly address diversity and inclusion could lead to both legal challenges and affect the Company's ability to attract top talent. Creating an inclusive work culture to attract diverse talent and drive innovation	S1-9, S1-12, S1-16, S1-17
Community engagement through CSR	Through its CSR initiatives, the Company plays a role in the development of the community, strengthening the local economy.	Reputational risks from poor involvement in CSR. Expanding CSR programs to increase the Company's social impact and reputation	S3-1
Health and safety measures	Prioritizing employee health and safety not only affects staff well-being, but also the Company's contribution to healthier working environments in the sector.	Health and safety regulations	S1-14

Corporate governance and transparency	High levels of transparency in governance affect shareholder confidence and can serve as a model for ethical business conduct in Romania's financial sector.	Failure to comply with corporate governance; Implementing transparent and rigorous ESG reporting can attract socially responsible investors and improve the Company's reputation	G1-1
Ethical Conduct in Business	By maintaining high standards of ethics and anti-corruption practices, the firm contributes to building trust in the financial services sector.	Improving compliance mechanisms can reduce legal risks and protect the Company from litigation. Adopting rigorous anti-corruption and ethics policies can increase investor and public confidence. Governance failures in data protection could lead to regulatory fines (e.g., GDPR violations) and affect customer trust.	G1-3; G1-4
Stakeholder involvement	Effective involvement of stakeholders (e.g. shareholders, regulators) improves corporate governance practices and strengthens the firm's position as a transparent entity.	Poor communication with stakeholders (e.g., lack of transparency) could erode trust and damage the Company's reputation. Developing an ethics-based organizational culture can increase employee loyalty and improve operational efficiency	-
Supervision and responsibility of the Supervisory Board	Strong board oversight ensures that the Company adheres to best practices, positively influencing corporate governance standards in the market.	ESG non-alignment; Diversity deficit of the Board; Incorporating ESG principles into decision-making helps guide the Company towards long-term sustainability.	GOV-1, GOV-2, GOV-3

Strategy and Business Model

Transilvania Investments Alliance S.A. is a closed-end, diversified Retail Investor Alternative Investment Fund (R.I.A.I.F.), established as a self-managed investment Company. Also, Transilvania Investments Alliance S.A. is authorized as an Alternative Investment Fund Manager (A.I.F.M.). The Company is a closed type A.I.F., defined in art. 1 para. (3) of Regulation (EU) no. 694/2014, listed on the Bucharest Stock Exchange. Transilvania Investments Alliance S.A. invests mainly on the Romanian capital market, mainly in medium-risk stocks. The Company generally pursues an investment policy on a medium/long horizon and has a predominant exposure on the Romanian capital market, mainly on listed shares of companies in the financial-banking, tourism, real estate and energy sectors.

The Company manages a complex portfolio that may include any of the following main categories of financial instruments: shares, fixed income instruments, fund units/ETFs, equity holdings in investment funds/UCITs, shares, alternative investment instruments (including derivatives), but not limited to them. As for investments in fixed income financial instruments, these can be: treasury certificates, government securities and corporate bonds, as well as bank deposits. The Company does not administer any materials, products, or services that are prohibited in certain markets.

Transilvania Investments Alliance S.A. shares are traded on the regulated market of the Bucharest Stock Exchange[4], Premium category. The Company was admitted to trading on 01/11/1999.

The Company operates in Romania and the average number of employees is 37.

The Company's business model is mainly investments in financial markets. The Company has no direct customers, in the sense that investors trade the shares (with TRANSI identifier) through the Bucharest Stock Exchange. Relationships with suppliers have not been analyzed on the value chain for 2023.

Governance

Corporate governance and transparency

Transilvania Investments has implemented a corporate governance system that complies with **the Corporate Governance Code of the Bucharest Stock Exchange (B.V.B.)**, applicable to companies listed on the regulated market. The Company promotes the best corporate governance practices and applies prudent management, in accordance with A.S.F. Regulation no. 2/2016 on the principles of corporate governance for entities supervised by A.S.F.

The Executive Board, with the approval of the Supervisory Board, adopted the **Corporate Governance Regulation**, which establishes the policies, practices and management structures aimed at ensuring efficient management of the Company for the benefit of shareholders. The Regulation is available on the official website: www.transilvaniainvestments.ro, in the Corporate Governance section.

Periodically, the Company publishes in its annual reports the "Apply or Explain" Statement and the Statement on the application of the principles of corporate governance, informing about the compliance

[4] International identifiers: Bucharest Stock Exchange: TRANSI, ISIN: ROSIFCACNOR8, Bloomberg: TRANSI RO, Reuters: TRANSI.BX. The currency used for denomination is RON.

with the principles of the Corporate Governance Code of the B.V.B. and with the provisions of the A.S.F. Regulation no. 2/2016.

Policies on professional conduct and corporate culture

The Company has developed a **Company Involvement Policy,**[5] which outlines how it engages in the companies in which it invests, i.e. monitoring the business, performance and risks of the companies, establishing a dialogue with issuers, exercising voting and other rights, cooperating with other shareholders, communicating with relevant stakeholders from the issuers in which the Company has invested and the management of actual and potential conflicts of interest related to Transilvania Investments' involvement.

The Company has developed a **Social Responsibility Policy**[6] that is based on the principle of coherence between social programs, business attitude, attitude towards shareholders and employees as well as towards the environment, in the context of ensuring the sustainable development of both the Company and the community in which it operates. The Company is committed to ensuring that any activity it carries out is conducted in an ethical manner, based on best practices in corporate governance.

Transilvania Investments, in accordance with the applicable legal regulations, has developed **the Conflicts of Interest Policy**[7]**,** which establishes the main coordinates of (i) the activities carried out by the Company or on its behalf, including the activities carried out by a delegate, a sub-delegate, an external evaluator or a counterparty, the identification of the circumstances that constitute or may give rise to a conflict of interest with a significant risk of harm to its investors, and (ii) the procedures to be followed or adopted in order to prevent, manage and monitor such conflicts.

The Company also has defined procedures on the **Prevention of fraudulent practices, including those affecting the stability and integrity of the capital market,** with a focus on preventing insider trading, market manipulation operations and accepted market practices.

Description of the mechanisms for identifying, reporting and investigating concerns about illegal behavior or the behavior that is contrary to the Company Code of Conduct or similar internal rules

Considering its capacity as an A.F.I.M/F.I.A., Transilvania Investments' organizational structure includes the key compliance function, exercised by the compliance officer who monitors and verifies the application of the legal provisions, incident to the Company's activity and internal rules and procedures, including those related to conflicts of interest, market abuse, money laundering and financing of acts of terrorism, the regime of privileged information, the protection of personal data, the protection of the interests and rights of shareholders and the resolution of complaints and petitions submitted by them.

The compliance officer keeps track of the irregularities discovered and manages the investigation register in which the investigations carried out, the result of the investigations, the proposals submitted to the Supervisory Board and the Executive Board and the decisions taken by the persons empowered to take resolution measures are highlighted.

[5] https://transilvaniainvestments.ro/wp-content/uploads/2022/08/Politica-implicare-EN.pdf
[6] https://transilvaniainvestments.ro/wp-content/uploads/2022/08/Politica-de-responsabilitate-sociala-EN.pdf
[7] https://transilvaniainvestments.ro/wp-content/uploads/2023/05/Reglementari-interne_30-mai-2023-site-EN.pdf

At the level of the **Compliance Department,** the **Register of Conflicts of Interest** is managed, in which the situations of conflict of interest identified/declared and the way of solving them are mentioned. Also, the department manages the Unique Register of Petitions, which is sent quarterly to the A.S.F.

Also, at the level of the Compliance Department, the List of people who have access to privileged information in relation to the Company is drawn up and updated and is sent to the A.S.F. upon its request.

Policies to combat corruption or bribery in accordance with the United Nations Convention against corruption

Considering the very strict regulatory framework of the Company, which is an entity authorized, regulated and supervised by the Financial Supervisory Authority, the Company implements policies and procedures that address complex issues such as: prevention of money laundering and terrorist financing, compliance with international sanctions, management of conflicts of interest, combating market abuse and fraudulent practices, protection of personal data, etc.

A summary of the Policies regarding the operation of Transilvania Investments Alliance as an A.I.F.M. can be consulted on the Company's website.

In accordance with the provisions of the Company's Corporate Governance Regulations, the members of the Supervisory Board and the Executive Board have the obligation to observe, during their activity, the rules of ethics and conduct.

Professionalism – in all the activities carried out, they must demonstrate professionalism, correctly apply theoretical knowledge and practical skills, show interest in updating knowledge and applying new practices in their field of activity, complying with the provisions of the specialized legislation.	**Responsibility** – they will carry out their activity in a responsible and honest manner, respecting the dignity and prestige of the profession; they will not engage in practices that could affect the image and interests of the Company and will show a constant concern for protecting the interests of Transilvania Investments and its shareholders.
Confidentiality – they have the obligation to maintain the confidentiality of the data and information obtained in the exercise of their function, including confidential, privileged or personal data necessary to carry out the specific activity. The following are also prohibited: • Participating or attempting to participate in insider trading practices; • Recommending that another person participate or be persuaded to participate in insider trading practices; • Unauthorized disclosure of inside information; • Participating or attempting to participate in market manipulation practices	**Moral integrity** – they will adopt a behavior according to the ethical norms recognized and applied within the Company, showing honesty in interpersonal relationships and conscientiousness in the performance of their duties, as well as ensuring the confidentiality of the information they come into contact with. It is forbidden to request or accept gifts, money, loans or other advantages of any nature from third parties, both for oneself and for other persons.

Political neutrality - they will maintain their independence from any political influences and will not use the name of the Company to promote political interests.	

The members of the Supervisory Board of Transilvania Investments have the obligation to permanently comply with the following prudential rules in their activity:

- To act with honesty, competence, prudence, diligence and fairness in carrying out their activities;
- To direct their actions in the interest of the Company, Transilvania Investments investors and market integrity;
- To maintain and effectively use the resources and procedures necessary for the proper conduct of the activities;
- To take all reasonable measures provided for in Articles 16 to 29 of Regulation (EU) No. 231/2013 in order to avoid conflicts of interest; and, if they cannot be avoided, to identify, manage, monitor and, if necessary, make them public in order to prevent negative impacts on the interests of Transilvania Investments and investors;
- To comply with all regulations applicable to the conduct of activities, promoting the interest of Transilvania Investments, its investors and the integrity of the market;
- To treat all Transilvania Investments investors fairly.

Whistleblower protection and internal reporting channels

The Company has a **Policy regarding warning and communication of suspicions** of the Employee Staff regarding the management of the Company's activity, based on which the Company's staff can communicate suspicions regarding the management of the Company's activity directly to the members of the Audit Committee of the Supervisory Board.

According to the procedure, persons who report suspicions benefit from legal protection according to the legal provisions and cannot be exposed to threats, repressions, hostile actions and unfavorable or discriminatory actions in the workplace, and personal data are protected according to the legal provisions and the internal procedure on the protection of personal data.

The Compliance Officer is responsible, according to the applicable laws and regulations, for monitoring and verifying the application of the legal provisions relevant to the Company's activity, as well as compliance with internal rules and procedures. The Compliance Officer must record the irregularities found in the investigation register, which it communicates to the Supervisory Board and the Executive Board.

The compliance officer has the obligation to immediately inform the members of the Supervisory Board and the Executive Board, as the case may be, regarding the deviations found from the regulations in force and the Company's internal procedures. Should the members of the Supervisory Board and of the Executive Board do not take the necessary measures within the deadlines established in the report prepared by the Compliance Department, the compliance officer has the duty to immediately notify the Financial Supervisory Authority (A.S.F.) of the deviations found.

The Audit Committee, set up at the level of the Supervisory Board, has the role of analyzing the significant aspects resulting from the audit reports and formulating proposals to remedy any deficiencies, in particular regarding the Company's management, internal control and financial reporting process.

The Company's internal auditor carries out missions according to the Annual Internal Audit Plan and informs the Company's management about internal audit issues, as well as about the adequacy of the measures adopted to remedy any identified deficiencies.

Procedures for investigating incidents of professional conduct

A disciplinary offence occurs when an employee commits a work-related act by which he or she violates the legal norms, the Company's internal policies, procedures or work instructions, as well as the provisions of employment contracts or the job description. This may include non-compliance with instructions given by superiors or internal rules.

In order to protect the rights of employees, disciplinary measures must be preceded by a disciplinary investigation. The procedure involves the following steps:

1. **Investigative commission:** Management appoints a commission consisting of employee representatives, a human resources specialist, the head of department and a legal adviser. They appoint a coordinator to lead the investigation and a secretary to document the process.
2. **Convocation of the employee:** The employee is officially invited to a meeting to discuss the misconduct. The summons shall be made in writing, with details of the date, time and place of the meeting, and shall be sent at least 48 hours in advance. If the employee is absent, the summons is sent by post with acknowledgement of receipt.
3. **Employee absence:** If the employee fails to show up for the meeting without a good reason, the Company may take disciplinary action without completing the investigation.
4. **Employee's rights:** During the investigation, the employee has the right to present evidence and support his or her point of view. All statements and documents are recorded and signed by all members of the commission and the employee.
5. **Decision:** At the end of the investigation, the minutes are sent to the management to make a decision.

Training Policy on Business Conduct

Transilvania Investments actively supports the training and professional development of employees, integrating continuous training and professional development into the Company's overall growth strategy. Continuous training is carried out based on dedicated plans, which include employee participation in conferences, seminars, courses, as well as internal communications transmitted by email by the compliance officer or the Company's management. In addition, employees are supported in their professional development efforts, thus contributing to increased individual and team performance. During 2023, some of the employees with higher education participated in continuous training programs, in order to expand their professional skills and improve results individually and collectively.

At the same time, given the character of an entity authorized, regulated and supervised by the Financial Supervisory Authority, Transilvania Investment carries out, through accredited trainers, mandatory continuous professional training programs for the members of the Supervisory Board, the members of the Executive Board and for the key functions (risk and compliance).

The Compliance Officer sends periodic information messages regarding the regulatory framework specific to the organization and operation of the Company on the occasion of each amendment to the AIFM Policies and Procedures (3-4 times a year). Quarterly, on the occasion of the analysis of the portfolio of financial instruments related to personal transactions, information messages are sent regarding the regulatory framework specific to the organization and operation of the Company, information regarding the amendment of the regulatory framework issued by ASF/BVB, as well as messages implementing procedures with general impact. In 2023, the Compliance Officer sent 12 information messages to employees and persons with management responsibilities.

At the same time, the Legal Department sent information messages regarding the update of the regulatory framework applicable to the Company. In 2023, the Legal Department sent 13 information messages.

Functions within the Company that are most exposed to risk in terms of corruption and bribery

The Executive Board is responsible for taking all necessary measures for the day-to-day management of the Company, in accordance with its object of activity and respecting the exclusive powers conferred by law or by the Articles of Incorporation to the Supervisory Board and the General Meeting of Shareholders. In relations with third parties, the Company is represented by the President of the Executive Board or by another member of the Executive Board designated for this purpose (all members of the Executive Board are authorized by the Financial Supervisory Authority – A.S.F.).

Ethical Conduct in Business

Systems for preventing and detecting, investigating and responding to allegations or incidents related to corruption and bribery, including related training

Transilvania Investments is fully committed to carrying out its activity with integrity and transparency, meaning that it is forbidden for the members of the management and supervisory structures and the employees of the Company to pay or offer bribes or financial incentives of any nature, including state officials, employees of state-owned or state-controlled companies, as well as in any transactions carried out by the Company. It is also strictly forbidden to solicit or accept bribes or financial incentives.

Currently, the Company does not have a specific policy in place that meets the necessary standards, but it aims to review and develop such a policy within a reasonable timeframe, in accordance with the legislation applicable to A.I.F.M./A.I.F. It is important to note that the Company's field of activity is highly regulated, and many of the necessary requirements are already integrated into the list of regulations that the Company complies with.

The Company has a Policy on warning and communicating suspicions from employees regarding the management of the activity. This policy allows staff to communicate suspicions directly to the members of the Audit Committee of the Supervisory Board.

According to the established procedure, persons who transmit suspicions benefit from legal protection according to the legal provisions and cannot be subjected to threats, reprisals, hostile actions or other unfavorable or discriminatory measures in the workplace. Also, their personal data is protected in accordance with legal regulations and internal procedures regarding the protection of personal data.

In 2023, no special training programs were carried out in the field of combating corruption and bribery. Members of the Supervisory Board, the Executive Board, persons holding key functions and other employees participate annually in continuing professional training courses that include training modules in the field of prevention of money laundering and financing of terrorist acts, market abuse, insider trading.

Incidents of corruption or bribery

Transparency regarding corruption incidents, such as bribery, is crucial to the integrity of Transilvania Investments and to maintaining trust of employees, partners and the community.

Through an open approach in reporting and investigating these cases, the Company reaffirms its commitment to ethics, legal compliance and responsible governance. In addition, transparency plays a key role in preventing and combating unethical behavior, helping to reduce reputational and financial risks, and promoting an organizational culture based on honesty and responsibility

In 2023, **no incidents of corruption or bribery were reported**.

Supervision and responsibility of the Supervisory Board

Role of administrative, management and supervisory bodies

According to the provisions of the Articles of Incorporation, Transilvania Investments is managed in a dualistic system by a **Executive Board** that operates under the control of a **Supervisory Board**. The Supervisory Board is composed of five members, natural persons, elected by the Ordinary General Meeting of Shareholders, by secret ballot, for a four-year term.

The employees' representative is appointed, according to the law, by the general meeting of employees, by secret ballot and has a 2-year mandate. He has the rights and obligations provided for in the Labor Code.

Supervisory Board

The Supervisory Board is composed of **5 members** (100% men - 5 men, 0 women), with non-executive functions, who carry out their activity based on the management contracts approved by the general meeting of shareholders, the Regulations of Organization and Functioning of the Board and the Articles of Incorporation of the Company.

Of the 5 members of the Supervisory Board, 4 are independent members. In order to assess the independence of its members, the Supervisory Board has adopted the evaluation criteria provided by the Corporate Governance Code of the Bucharest Stock Exchange (BVB). In relation to these criteria, the Supervisory Board has four independent members, as presented in the table below. We mention that, in accordance with the internal regulations of the Company, each independent member of the Board must submit a declaration at the time of his nomination, with a view to election or re-election, as well as when any change in his statute occurs.

The CVs of the Board members can be consulted on the Company's website, at www.transilvaniainvestments.ro, in the About Us section.

Information about the members of the Supervisory Board and their experience, in the composition authorized by the A.S.F. Authorization no. 13/09.02.2024, can be found in the table below.

Tabel 3 - Information about the members of the Supervisory Board

Name, age, seniority in office	Qualification	Professional experience	Other professional commitments and obligations
Patriţiu ABRUDAN (69 years old) Independent Chairman since 28/02/2023 and member in office since April 2021	**Economist** – Faculty of Economics, Babes-Bolyai University, Cluj-Napoca **Master's Degree** – Banking and Capital Markets, Faculty of Economics and Business Administration, Babes-Bolyai University of Cluj-Napoca	Experience in banking, as a regional director Experience in the fields of finance-accounting, commercial and marketing	Banca Transilvania, Director Regional Cluj (until June 2023)
Marius-Petre NICOARĂ (65 years old) Independent Deputy-Chairman since 28/02/2023 and member in office since April 2021	**Engineer** – Faculty of Mechanics of the Technical University of Cluj-Napoca	Administrator of a banking institution Financial management Marketing Public communication Position of public dignity in the Romanian Senate Experience in local public administration	Member of the Board of Directors of FNGCIMM
Constantin FRĂȚILĂ (63 years old) In office since April 2021 Previous member of the Supervisory Board in the following periods: April 2013 - August 2014 July 2017 - September 2018 January 2020 - April 2021	**Engineer** – Faculty of Mechanics, Transilvania University of Brașov	Administration of companies admitted to trading on the regulated market Experience in leasing activity Capital Market Investments	Administrator of Global Building Investment S.A. Administrator of Kronstadt Papier Technik S.A. Administrator/General Manager of Alcorex Building S.R.L. President of the Association of Builders and Investors Dobrogea Member of the International Club of Sponsors of Scudereria Ferrari in F1
Horia-Cătălin BOZGAN (51 years old), Independent Member in office since February 2024	**Economist -** Faculty of Domestic and International Banking Commercial and Financial Relations within the	Experience in banking and capital markets, BVB Licensed Accountant, BVB Authorized Trader	Regional Director of Banca Transilvania, Brașov Branch

	Romanian-American University of Bucharest **Executive MBA -** Maastricht School of Management – The Netherlands/ Bucharest		
Vasile-Cosmin TURCU (53 years old) Independent Member in office since February 2024	**Engineer -** Faculty of Chemistry and Chemical Engineering, Babeș-Bolyai University, Cluj-Napoca **Certified Reliability Leader** – American Association of Asset Management Professionals	Member of Boards of Directors and CEO of companies admitted to trading on the regulated market Experience in the petro-chemical and pharmaceutical sectors, business partnership development, business process optimization, managerial cultural change	Member of the Board of Directors, Sinteza S.A. Member of the Board of Directors of THR Marea Neagră S.A. Director, PROMMENT SERVICES SRL, Constanța

Roles and responsibilities of the Supervisory Board

The duties and responsibilities of the Board members are provided by law and the Articles of Incorporation of the Company and are detailed in the "*Internal Regulations*"/"*Policies and Procedures regarding the operation of Transilvania Investments Alliance S.A. as an A.I.F.M.*".

The main duties of the Supervisory Board are the following:

- appoints and dismisses the President and the other members of the Executive Board, establishes the powers and duties of the members of the Executive Board, the terms and conditions of each member's mandate, including the relevant criteria for monitoring and evaluating the results of the activity performed by the Executive Board and the Company, and periodically evaluates the application and fulfilment of these criteria;
- permanently monitors the fulfillment by the members of the Supervisory Board, the members of the Executive Board, the compliance officer, the risk manager and the internal auditor of the evaluation criteria on the basis of which they were authorized by the A.S.F., respectively notified to the A.S.F., throughout the exercise of these functions;
- supervises and is responsible for the strategic management of the Company and the fulfillment of the set objectives;
- endorses the Company's business plan and evaluates its financial position;
- endorses the annual financial statements of the Company, after analyzing the report of the Executive Board;
- verifies the compliance with the law, the Articles of Incorporation and with the resolutions of the General Meeting of Shareholders of the management operations carried out by the members of the Executive Board;
- supervises the application of the principles of corporate governance;
- approves, together with the Executive Board, the risk management policy, strategy and procedures;
- analyses the adequacy, efficiency and updating of the risk management system in order to effectively manage the assets held by the Company, as well as the management of the related risks to which the Company is exposed;

- develops and revises the Company's remuneration policy, so that it corresponds to the business strategy, objectives and long-term interests and includes measures to prevent the occurrence of conflicts of interest;
- approves the annual plan of the internal auditor and compliance officer;
- analyzes the adequacy, efficiency and updating of the internal control system, so as to ensure its independence from the operational and support organizational structures within the Company, which it controls and monitors;
- endorses, following the opinion of the Audit Committee, any transaction of the Company with any of the companies with which it has close relations, the value of which is equal to or greater than 5% of the Company's net assets, according to the latest financial report;
- endorses the conclusion of any operations involving the Company whose value is greater than the RON equivalent of 5,000,000 euros/operation, upon the request of the Executive Board;
- endorses the decision of the Executive Board regarding the vote at the general meeting of shareholders of the portfolio companies in which Transilvania Investments holds the controlling position, by which acts of disposition (sale, purchase or lease of real estate and investments) with a value exceeding EUR 5,000,000, in RON equivalent on the date of approval, are submitted to the shareholders' approval*;*
- evaluates every six months, together with the Executive Board, the plans for ensuring business continuity and for emergency situations;
- report at least once a year to the general meeting of shareholders on the supervisory activity carried out.

The Supervisory Board is supported in its work by a Secretary, who also serves as secretary of the Board's committees. The Secretary is primarily responsible for facilitating communication between the Board and its committees and between the Supervisory Board and the Executive Board, as well as for convening and conducting meetings of the Supervisory Board.

In 2023, the Supervisory Board carefully analyzed the Company's position and prospects and fulfilled the prerogatives assigned in accordance with the legislation in force, the Company's Articles of Incorporation, the applicable Corporate Governance Code, A.S.F. Regulation no. 2/2016 and the relevant internal regulations. Details regarding the activity carried out in 2023 by the Supervisory Board, the number of meetings and the participation of each member are presented in the *Supervisory Board's Report for 2023.*

Supervisory Board Committees

The Supervisory Board has established a series of committees in charge of conducting investigations and drafting recommendations to the Board, whose activity is carried out based on the legal provisions and the Organization and Functioning Regulations of these committees. In 2023, the committees of the Supervisory Board were: the Audit Committee, the Risk Committee, the Nomination Committee and the Remuneration Committee.

1. **Audit Committee**

The first audit committee was established on 23/05/2013. At the end of 2023, the composition of the Audit Committee was as follows:

- Mr. Patrițiu Abrudan – Chairman

- Mr. Marius-Petre Nicoară – Member
- Mr. Constantin Frățilă – Member

This composition of the Audit Committee was established based on the resolution of the Supervisory Board dated 17/10/2023.

The main duties of the Audit Committee, without limitation thereto, are the following:

- ensures the Company's relationship with the financial auditor, the conclusion and proper performance of the audit contract, according to the resolution of the General Meeting of Shareholders;
- selects the internal auditor and analyzes the quality of the reports prepared by the internal auditor in terms of the application of legal standards and accepted general auditing standards, assuring the Supervisory Board that the reports comply with the audit plan approved by the Supervisory Board for each financial year;
- monitors the statutory audit of the financial statements prepared by the Company in accordance with the applicable legal provisions, as well as any reports prepared at the request of some shareholders;
- monitors the effectiveness of the internal control system (internal audit, compliance and risk management system) adopted by the Company;
- carries out an annual assessment of the internal control system, the effectiveness and comprehensiveness of the internal audit, compliance and risk management system function, the adequacy of the risk management and internal control reports;
- assesses conflicts of interest in relation to the transactions of the Company and its subsidiaries with related parties, together with the compliance officer;
- analyzes the compliance of the accounting policies adopted by the Company with the applicable accounting regulations, assuring the Supervisory Board that they determine a fair and accurate presentation of the transactions carried out by the Company in accordance with its object of activity.

2. Risk Committee

The first risk committee was established on 17/12/2014. At the end of 2023, the composition of the Risk Committee was as follows:

- Mr. Constantin Frățilă – Chairman
- Mr. Patrițiu Abrudan – Member
- Mr. Marius-Petre Nicoară – Member

This composition of the Risk Committee was established based on the resolution of the Supervisory Board dated 17/10/2023.

The main duties of the Risk Committee, without limitation thereto, are the following:

- regularly evaluates the risk management system, based on the quarterly reports on risk assessment and makes proposals for its improvement;

- analyzes and formulates recommendations on the implementation of the main procedures, internal regulations, investment/divestment and risk management policies and strategies;
- makes recommendations to the Supervisory Board regarding its responsibility to approve the Company's risk appetite and tolerance limits.

3. Nomination Committee

The first nomination committee was established on 08/01/2016. At the end of 2023, the composition of the Nominating Committee was as follows:

- Mr. Constantin Frățilă – Chairman
- Mr. Patrițiu Abrudan – Member
- Mr. Marius-Petre Nicoară – Member

This composition of the Nomination Committee was established based on the decision of the Supervisory Board dated 17/10/2023.

The main duties of the Nomination Committee, without limitation thereto, are the following:

- prepares the evaluation and selection policy, including the criteria for assessing independence, for candidates for election to the Supervisory Board, for the appointment of provisional members of the Supervisory Board and for the appointments of members of the Executive Board and of persons holding key positions, so as to ensure compliance with the applicable legal provisions and the Company's Articles of Incorporation, policy that is subject to the approval of the Supervisory Board;
- properly implements and conducts the approved selection and evaluation policy;
- issues recommendations regarding the nomination of candidates for the Supervisory Board, filling the positions of provisional members within the Supervisory Board, members of the Executive Board and individuals holding key positions, in compliance with the applicable legislation;
- assesses, at least once a year, the independence of the members of the Supervisory Board;
- assesses the fulfillment by the members of the Board, the Executive Board, the provisional members of the Supervisory Board and the persons with key functions of the specific criteria provided by the capital market regulations, in view of their approval by the A.S.F. and monitors the fulfillment of these criteria during the exercise of the functions.

4. Remuneration Committee

The first remuneration committee was established on 25/05/2013. At the end of 2023, the composition of the Remuneration Committee was as follows:

- Mr. Marius-Petre Nicoară – Chairman
- Mr. Patrițiu Abrudan – Member
- Mr. Constantin Frățilă – Member

This composition of the Remuneration Committee was established based on the decision of the Supervisory Board dated 17/10/2023.

The main duties of the Remuneration Committee, without limitation thereto, are the following:

- reviews, reports, advises, prepares decisions on remuneration, assists the Supervisory Board in fulfilling its duties and responsibilities regarding the remuneration policy and monitors/supervises the remuneration of the members of the Executive Board;
- analyzes and formulates proposals to the Supervisory Board regarding the total annual package of variable remuneration within the Company, according to the Remuneration Policy;
- proposes performance targets for granting cash remuneration or proposes objectives for granting shares within the Stock Option Plan (S.O.P.) programs;
- annually evaluates the performance of the members of the Executive Board and of the individuals holding key positions and makes proposals to the Supervisory Board regarding their remuneration.

The detailed activity of the Remuneration Committee is presented in the *Annual Report of the Remuneration Committee, attached to the Report of the Supervisory Board*, prepared in accordance with the provisions of the A.S.F. Regulation no. 2/2016 on the application of the principles of corporate governance by the entities authorized, regulated and supervised by the Financial Supervisory Authority.

Executive Board

The Executive Board of Transilvania Investments consists of **3 members** (33% women, 66% men - 2 men, 1 women) and ensures the effective management of the Company. In accordance with the provisions of the Articles of Incorporation, the Executive Board is composed of three members appointed by the Supervisory Board, of which one member is appointed Executive President and two members are appointed Executive Vice-Presidents.

The mandate of the members of the Executive Board is granted for a 4-year period , and it may be extended for new 4-year periods. The members of the Executive Board carry out their activity based on the mandate contract (signed on behalf of the Company by a member of the supervisory board appointed for this purpose), the Organization and Functioning Regulations of the Executive Board and the Articles of Incorporation of the Company. The current mandate of the members of the Executive Board expires on 20/04/2024.

The members of the Executive Board must meet the conditions provided by law, as well as those related to professional competence, relevant experience, integrity, good reputation and governance, provided by the applicable A.S.F. regulations and included in the Procedure regarding the assessment of the preliminary and continuous adequacy of the members of the management structure and of the individuals holding key functions within Transilvania Investments. The members of the Executive Board are subject to the authorization of the Financial Supervisory Authority (A.S.F.).

Please note that there is no agreement, understanding or family relationship between the members of the Executive Board and another person due to whom that person was appointed as a member of the Executive Board.

As of December 31, 2023, the composition of the Executive Board was as follows:

Tabel 4 - Information about the Executive Board

Name, age, position, seniority in office	Qualification	Professional experience	Other professional commitments and obligations
Radu-Claudiu ROȘCA (51 years old) Executive President In office since June 2020	**Economist -** Faculty of Economics, West University of Timișoara **MBA,** CNAM Paris-ASE Bucharest – FSEGA Cluj **Financial Auditor**	Internal auditor/audit manager/audit committee chair at private pension fund management companies, insurance companies, banks, investment management companies, leasing companies Economic/financial director/administrator at companies and regulated entities (Central Depository) Derivatives broker	President of the Board of Directors, Aro Palace S.A. Brașov Sole administrator, Turism Lotus Felix S.A. Baile Felix Member of the Board of Directors, Central Depository President of the Board of Directors, Șantierul Naval S.A. Orșova Censor: Romanian Entrepreneur Club Foundation and Babes-Bolyai University-Executive Education Association Foundation (UBB-EE)
Stela CORPACIAN (43 years old) Executive Vice President In office since August 2022	**Economist** – Academy of Economic Studies Chisinau **Executive MBA** – WU Executive Academy **FCCA,** ACCA member **CFA-3** exams taken **Internal auditor** for integrated quality-environment management systems and information security Certificate of qualification of auditors	Financial and operations director in energy, telecom, agro-industrial companies Auditor and senior manager of an audit firm	President of the Board of Directors, FEPER S.A. Bucharest (from 12/01/2024 until the General Meeting of Shareholders)
Mihai BULIGA (51 years old) Executive Vice President In office from January 2024	**Economist Engineer -** Faculty of Engineering-Economic Engineering Profile of the "Petru Maior" University of Târgu Mureș	Executive Director and Chairman of the Boards of Directors in Financial Intermediation and Investment Fund Management Companies Experience in general management, analysis and financial management, corporate restructuring, development of feasibility studies and business plans, risk management, compliance analysis, corporate governance	Administrator, Dorna Turism S.A. Vatra Dornei Administrator, Actfin Advisors S.R.L.

Roles and duties of the Executive Board

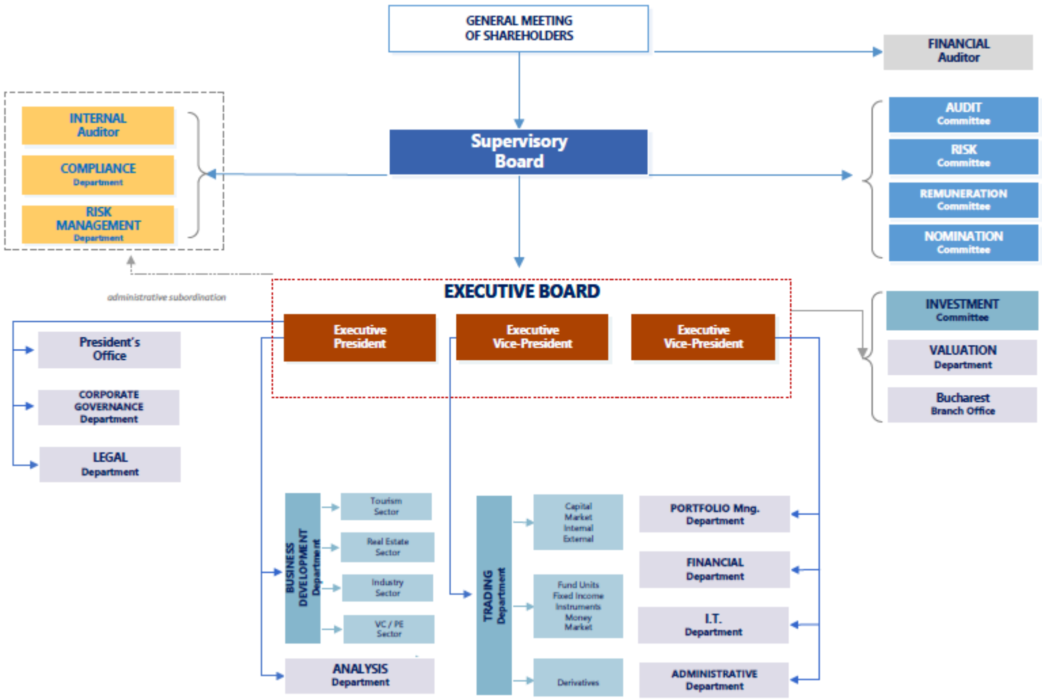
The duties and responsibilities of the members of the Executive Board are provided by law, by the Articles of Incorporation of the Company and are detailed in the *"Internal Regulations"/"Policies and Procedures regarding the operation of Transilvania Investments Alliance S.A. as an A.I.F.M."*.

The main duties of the Executive Board, without limitation thereto, are the following:

- ensures the day-to-day performance of the Company's activity in order to carry out the resolutions adopted by the General Meeting of Shareholders and/or the Supervisory Board;
- is responsible for the administration and proper conduct of the Company's activities, including the implementation of policies and the achievement of objectives;
- represents the Company in relations with third parties;
- establishes the Company's development strategy and policies, including the organizational chart, approves the work policies and procedures, the number and type of positions and the Internal Regulations;
- manages the Company's assets and is responsible for its management before the General Meeting of Shareholders and the Supervisory Board;
- approves the conclusion of any operations involving the Company whose value does not exceed the RON equivalent of EUR 5,000,000/operation. For operations exceeding the ceiling of RON 5,000,000, the endorsement of the Supervisory Board will be requested;
- approves the way the Company exercises its vote in the general meetings of shareholders of portfolio companies. In the case of draft resolutions of portfolio companies in which Transilvania Investments is the majority shareholder, whereby acts of disposition are submitted to shareholders for approval (sale, purchase or rental of real estate and investments) with a value exceeding EUR 5,000,000, in RON equivalent at the date of approval, the endorsement of the Supervisory Board will be requested.
- convenes the General Meeting of Shareholders whenever necessary or upon the request of the entitled persons;
- annually examines and approves the risk management policy and the measures, procedures and techniques for its application, including the risk limit system; they will be subsequently approved by the Supervisory Board;
- evaluates, monitors and, at least once a year, reviews the risk management systems, according to the provisions of the E.U. Regulation 231/2013.
- regularly approve and review the adequacy of the internal procedures for the adoption of investment decisions in order to ensure that these decisions are in line with the approved investment strategies;
- is responsible for the implementation of the policies and practices on remuneration and preventing and managing any relevant risks that remuneration policies and practices may generate;
- evaluates every six months, together with the Supervisory Board, the plans for ensuring business continuity and for emergency situations.
- reports to the Supervisory Board regarding the management of the Company, quarterly or at any time requested by the Supervisory Board, including financial information and, at the request of the Board, any data and information regarding the Company's activity.

Organizational structure of Transilvania Investments

Face 1 - Organizational chart - Transilvania Investments



Transilvania Investments promotes and supports the **diversity within the management structure** in terms of education and practical and professional experience, gender, age, geographical origin and ensures equal opportunities and fair treatment in terms of access to a position within the management structure. From the previous presentation of the management structure (Supervisory Board and Executive Board) it can be noticed that it is diversified in terms of age, education and professional experience. We mention that when nominating candidates for the positions of members of the Supervisory Board and the Executive Board, the Company assesses the fulfillment by the candidates of the criteria regarding competence and professional experience, integrity, good reputation and governance, provided by the legal regulations in force at the date of nomination, and it does not require the fulfillment of criteria related to age or gender.

Expertise of governance bodies

In 2023, in order to fulfill the training and continuous professional development obligations established by the A.S.F. regulations, the members of the Supervisory Board and the Executive Board participated in the program *"**Continuous training and professional development for management positions 2023**",* organized by AS Financial Markets, between 28/09/2023 – 20/11/2023.

In addition, the above-mentioned individuals participated in the following courses related to sustainability and ESG areas:

1. ESG: key concepts and challenges in the implementation process (duration: 120 min.);
2. ESG reporting framework: fundamentals (duration 90 min.);
3. Deepening the ESG reporting framework: impact on governance (duration 120 min.)

The Company does not have a Sustainability Strategy developed in 2023, but it has a *Policy for the Integration of Sustainability Risks*. The main aspects of this policy are the following:

- The Company does not integrate sustainability risks into its investment decisions, but considers it important to periodically reassess the facts;
- The financial product to which this document relates (the Fund) does not at this time promote environmental or social characteristics, or a combination thereof;
- The Company does not currently consider the negative effects of investment decisions on sustainability factors.

In 2024, the General Meeting of Shareholders, and previously the Executive Board and the Supervisory Board, approved the Company's new Strategy and Investments Policy Statement (I.P.S.), which provide:

- Gradual review of the Company's policies and procedures in relation to ESG areas, so that, by the end of the reference period of the Strategy,[8] sustainability-related risks will be integrated into its investment decisions and will consider the negative effects of investment decisions on sustainability factors.

The I.P.S. creates the premises for the development of medium and long-term plans and programs of activities that allow the inclusion of sustainability risks and opportunities.

The Company seeks to gradually implement non-financial reporting according to the relevant standards, depending on the nature, size and complexity of the activity, as well as the nature and range of the activities carried out, in accordance with legislation and its own regulations in force.

Sustainability issues communicated to governance bodies

The double materiality analysis carried out this year included the assessment of the impacts, risks and opportunities identified as relevant and applicable for the Company to which a level of significance was assigned, following the methodology of the ESRS standards. At the level of Transilvania Investment Alliance, the contracting of an external consultant was approved, who carried out the double materiality analysis, within the Company, together with the designated project team, coordinated by a member of the Executive Board. Voluntary reporting has the role of raising awareness and documenting in order to gradually transpose the provisions on non-financial reporting.

The management and supervisory bodies, namely the **Supervisory Board** and **the Executive Board, are informed about the significant impacts, risks and opportunities** through the materiality analysis carried out. This process was carried out in 2024 for the period January - December 2023, and as a result, in the next period, the management and supervisory bodies will address both the significant impacts, risks and opportunities, including the implementation of due diligence, as well as the results and effectiveness of policies, as well as actions, indicators and targets adopted to address them.

Mainstreaming sustainability performance into incentive schemes

Transilvania Investments Alliance has approved a **Remuneration Policy** that regulates the remuneration system that is composed of fixed remunerations and may also have a variable component, if the General

[8] The 2024-2028 strategy covers the period from 30.04.2024 to 30.04.2028

Meeting approves buyback programs for its own shares to be allocated free of charge to the identified personnel within the Company (personnel who have an impact on the Company's risk profile).

All specific elements of these programs are subject to investor information through current reports submitted to the Bucharest Stock Exchange. The variable remuneration system involves the achievement of clearly established objectives and the fulfilment of award criteria. At the same time, a 3-year remuneration deferral schedule (deferral) is implemented.

For the reporting period, the sustainability objectives or impacts have not been assessed and integrated into the remuneration components, assessed performance, performance indicators.

The remuneration policy is subject to the approval of the Ordinary General Meeting of Shareholders. The Remuneration Policy in force in 2023 was approved by the O.G.M.S. dated 28/04/2022 and it can be consulted on Company's Website.

Supplier relationship management

Approach to supplier relationships

At the time of current reporting, sustainability issues in relation to suppliers are not being analyzed. The Company does not have a supply chain, the purchases made consist of goods and services necessary for the proper performance of its activity, such as consumables, furniture, computer equipment, other material goods, energy, water, gas, telecommunications, consulting services, auditing, asset storage, financial intermediation, maintenance of information systems, translation services.

Currently, social and environmental criteria are not considered in the selection of the Company's suppliers.

Payment Practices

The average time required for the Company to pay an invoice from the date on which the contractual or legal payment term begins to be calculated is **3 working days**. The Company's standard contractual payment terms do not vary by country or type of supplier. All invoices, regardless of the category of suppliers, are paid by the due date written on the invoice. During 2023, **there were no pending legal proceedings for delays in making payments**.

Environmental performance

The Company's object of activity is exclusively activities specific to closed-end investment companies, the main field of activity of the Company being subject to NACE code 649 – Other financial intermediation activities, excluding insurance and pension fund activities. As such, the Company's activity **does not have a significant direct impact on the environment**. However, Transilvania Investments is constantly concerned with environmental **protection issues**.

In order to protect the environment, as part of Transilvania Investments' responsible development policy, the legislation in force in Romania is taken into account, as well as the European norms that regulate the policies for the protection of the working environment, the management of waste resulting from the activity and the protection of the spaces where the activity is carried out.

Energy consumption and efficiency

The Company constantly monitors the consumption of utilities, and the investments in the building, in the related installations and equipment are also made considering the impact they have in decreasing these consumptions. **The reduction in electricity consumption** was achieved by replacing the computer equipment and lighting fixtures, as well as by automating and zoning the indoor heating installation.

Table 5 - Energy consumption and energy mix

No.	Energy consumption and energy mix	2023
1	**Total fossil energy consumption (MWh)**	222.83
2	**Total nuclear energy consumption (MWh) – if applicable**	1.54
3	Consumption of renewable fuel, including biomass (which also includes industrial and municipal bio-based waste), biofuels, biogas, renewable hydrogen (MWh) – if any	-
4	Consumption of electricity, heat, steam and cooling purchased or purchased from renewable sources (MWh) - if any	3.39
5	Consumption of self-generated renewable energy other than fuel. (MWh) - if any	-
6	Total renewable energy consumption (MWh) (calculated as the sum of rows 3, 4 and 5)	3.39
7	**Total energy consumption (MWh) (calculated as the sum of rows 1, 2 and 6)**	227.75

Water consumption

Table 6 - Water consumption

Water consumption	2023
Total water consumption (m^3)	376
Total water consumption in m3 in water-risk areas, including high-water stress areas (m^3)	-
Total amount of water recycled and reused (m^3)	0
Total amount of water stored and changes in storage (m^3)	0

Waste Management Practices

The Company has procedures in place that regulate the methods of recovery and recycling of waste resulting from the current activity.

Considering the specifics of the Company's activity, the waste resulting from the activity carried out is mainly **paper waste**. They are deposited by the employees in the specially indicated spaces, and periodically the person designated with the administration of the headquarters will ensure their evacuation, in order to use this waste for recycling.

Sorted, hazardous and non-hazardous waste, including WEEE, is handed over for recovery to specialized companies.

Table 7 - Waste generated in 2023

	2023
Total amount of waste generated (tons)	16.45
Total amount of hazardous waste (tons)	0.061
Total amount of non-hazardous waste (tons)	16.389

Table 8 - Recovered waste

	Hazardous waste	Non-hazardous waste
Total amount of waste recovered	0.053 tons	5.045 tons
Total amount of waste ready for reuse	N/A	N/A
Total amount of waste recycled	N/A	N/A
Total amount of waste recovered by other recovery operations	N/A	N/A

Table 9 - Waste disposed of

	Hazardous waste	Non-hazardous waste
Total amount of waste directed to disposal (tons)	N/A	11.352
Total amount of waste directed to incineration (tons)	N/A	N/A
Total amount of waste directed to the landfill (tons)	N/A	11.352
Total amount of waste directed to other disposal operations (tons)	N/A	N/A

Social performance

In this chapter, we focus on the **well-being and development of our own workforce** as a core aspect of our sustainability efforts. As an investment fund manager, we understand that our employees are the key to delivering long-term value.

This chapter outlines our approach to fostering a diverse**,** inclusive and supportive **workplace culture**, as well as our initiatives for professional growth, employee engagement and wellbeing. By investing in our people, we strengthen our ability to achieve both financial and sustainability goals.

Employee well-being and satisfaction

Own workforce policies

The Company does not have a defined Human Resources Policy on its own, but it attaches great importance to the human factor, which is a key resource considering the business model, being an alternative investment fund manager.

The values promoted by Transilvania Investments are the following:

Table 10 - Transilvania Investments' values

Creativity	Efficiency	Adaptability	Collaboration
People are the only resources capable of generating new ideas and innovative solutions. Their creativity contributes to the long-term development and success of Transilvania Investments	The potential, experience and passion of employees actively contribute to increasing efficiency and effectiveness. They are the ones who put into practice Transilvania Investments' strategies and plans	People can learn and adapt to changes in the business environment, which is essential for the development and profitability of Transilvania Investments.	People build relationships and collaborate to achieve organizational goals. Effective collaboration between team members can lead to remarkable results

Transilvania Investments guarantees equal opportunities and treatment for all candidates for employment in the Company and for all its employees, without direct or indirect discrimination, based on race, nationality, ethnicity, language, religion, social category, beliefs, sex, sexual orientation or any other criterion that has the purpose or effect of restricting or removing recognition, the use or exercise of the rights arising from the collective bargaining agreement existing at the level of the Company.

The Company also recognizes the freedom of opinion of each of its employees. The relationships between the members of the Executive Board and the Company's employees are based on communication, involvement and team spirit. In 2023, there were no conflicts or notifications/commissions regarding labor relations.

Employees carry out their activity based on the collective labor agreement, individual employment contracts, internal regulations, job descriptions and internal procedures. The Company does not have a trade union, the employees being represented in the negotiation of the collective labor agreement by a representative elected by the employees, according to the law.

At the Company level, a **Succession Plan** is approved that aims to identify, retain and develop the Company's talents to ensure continuity in key roles.

The plan is the essential component of the human capital management strategy and focuses on the skills needed in key roles (present and future) supported by a strategic process of developing high-potential employees. Succession development is a form of talent management. The four directions of action of the succession plan carried out in the dynamics are: ensuring the Backup (identification of personal valences, map of certifications and experience); rotation of people on roles; interdisciplinary training; interdepartmental projects through project teams.

Processes for engaging one's own workforce and workers' representatives on impacts

At the level of the Company, the collaboration between the employer and the employees is ensured through a series of mechanisms regulated by the **Internal Regulations** and **the Collective Labor Agreement**. The employees' representative, elected by secret ballot at the General Meeting of Employees, holds a mandate of 2 years and acts in accordance with the provisions of **the Labor Code**, having the responsibility to represent the interests of the employees in the dialogue with the employer.

According to **the Internal Regulations**, employees have the right and opportunity to actively contribute to the improvement of working conditions and the working environment. In this sense, employees can participate in collective and individual bargaining, collective actions and have the freedom to join or create unions. They are also encouraged to propose measures that can benefit the organization.

As for individual employee objectives, they are set in accordance with the positions held and are approved by the **Executive Board** or **the Supervisory Board** in the case of key functions, such as those in the risk management and compliance departments. These objectives are agreed bilaterally by the employee and the employer, thus contributing to the alignment of individual performance with the Company's strategic objectives.

Negative impact remediation processes and channels for your own workforce to raise issues

Continuing the Company's commitment to actively involve the workforce in decision-making processes and in improving working conditions, we also recognize the importance of effectively addressing problems and situations that could generate a negative impact on employees. Although there are currently no official channels dedicated exclusively to the resolution of complaints or notifications at a formal level, the Company emphasizes the rights of employees to address the employer directly in cases of discrimination or other situations that affect their well-being at work.

Employees have the possibility to make **complaints, notifications or claims** when they feel discriminated against or if they believe that their rights have been violated. They can address these problems both directly to the employer and against it, if necessary, and can request the support of the employees' representative to mediate and resolve these situations.

In the absence of formal channels for handling complaints, the Company encourages the opening of dialogue between employers and employees and commits to developing formal mechanisms for reporting and resolving issues in the future. These measures will help create a more transparent and safe working environment where employees can raise their concerns constructively and confidentially.

Collective bargaining coverage and social dialogue

Within the Company, **100% of the employees are covered by the Collective Labor Agreement**, which regulates their rights and obligations, as well as the working conditions and benefits offered. The negotiation of the collective bargaining agreement takes place in a transparent and fair framework, the employees being represented in this process by a **representative elected by the employees**. This representative is responsible for defending the interests of the workforce and actively participating in social dialogue with management.

Through this contract and constant social dialogue, the Company ensures a stable and fair working environment, in which employees' rights are protected and respected, in accordance with the legal provisions and standards of good practice in the field.

Adequate salaries

At the Company level, ensuring adequate salaries for all employees is a priority. The Company fully complies with legal provisions and labor standards, offering salaries that are aligned with the requirements of national legislation. Each employee receives a fair remuneration appropriate to the position they hold, in compliance with the principles of social justice and non-discrimination.

The salaries offered are regularly reviewed to reflect economic developments and inflation, so as to ensure the economic sustainability of our employees and a decent standard of living. Through this policy, we contribute to the well-being of our workforce and to the creation of a stable and motivating work environment.

Social protection

The collective labour agreement includes the rights and obligations of the Company, on the one hand, as an employer and of the employees, on the other hand, in accordance with the labour legislation regarding social protection.

The forms of protection that can be practiced, in compliance with the legal provisions and this collective labor agreement are:

- granting funeral aids, as follows: in case of the death of the employee or the death of a family member (husband, wife, children, parents, brothers, sisters, in-laws, as well as other dependent relatives of the employee), in the amount established by the Company's management;
- providing material aid in case of serious or incurable illnesses for employees and their family members, in the amount established by the Company's management, at their request and based on the medical documents presented;
- granting other social aids, within the limit of the tax deductibility ceiling.

In the case of retirement due to old age, early retirement, partial early retirement or disability, a bonus in the amount of 3 (three) gross salaries is granted on the occasion of liquidation from the Company.

In the case of employees with an employment contract, regardless of its type, who are dismissed for reasons not attributable to them[9] (physical or mental incapacity), the Company will grant them compensation in the amount of 3 (three) gross salaries.

Employees benefit from the protection of their rights in the event of a transfer of the Company or a part of it, to another employer, according to the law. The transfer of the Company or part of it may not constitute grounds for individual or collective dismissal by the transferor or transferee.

Work-life balance indicators

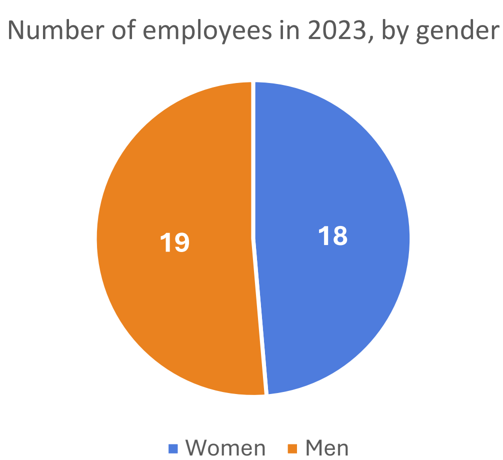
100% of the Company's employees are entitled to leave for family reasons, which include: maternity leave, paternity leave, parental leave and carer's leave.

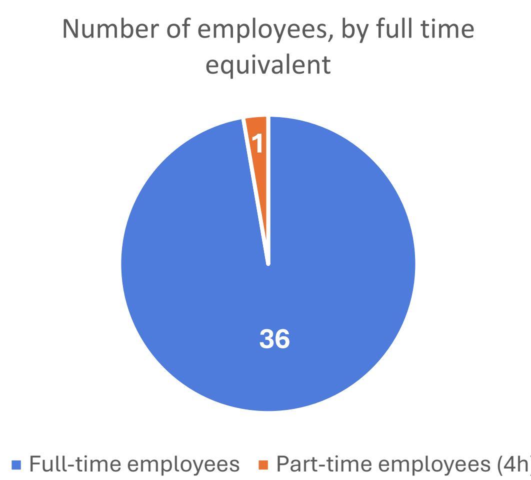
Table 11 - Percentage of entitled employees who took family leave (disaggregated by gender)

	Women	Men
Percentage of eligible employees who took leave for family reasons	5.55% (one person)	0%

Characteristics of the Company's employees

At the end of 2023, the number of employees was 37, of which 33 employees with higher education and 4 employees with secondary education. The average number of employees with which the Company carried out its activity in 2023 was 36.5, which is 2 employees lower than the average number achieved in the previous year, and the employee turnover rate was 20%.





[9] cf. art.65 of the Labor Code and those dismissed in accordance with art. 61 letter c of the Labor Code

Table 12 – Total number of employees (Gender breakdown)

	31 December 2023
Women	18
Men	19
Total number of employees	37

Table 13 - Breakdown of employees by location

Location	Number of employees
Headquarters in Brașov, 2 Nicolae Iorga Street	33
The work point in Bucharest, the Ana Tower building	4

Diversity and Inclusion

Transilvania Investments is firmly committed to promoting equal opportunities and treatment between women and men, eliminating any form of discrimination based on sex. The Company ensures respect for human dignity in all its interactions and actions, and all its policies are based on sound legal principles and respect for the individual rights of each employee.

Law no. 202/2002 is the legislative framework that defines forms of discrimination, such as direct and indirect discrimination, harassment and sexual harassment, while positive measures are provided to accelerate the process of equalization of opportunities between the sexes.

Discrimination in labour relations is prohibited at all levels, from employment and promotion to remuneration and access to professional opportunities. Special maternity protection measures, such as parental leave, are not considered discrimination, but measures necessary to ensure fairness.

Diversity indicators

Table 14 - Breakdown of employees by age

	20-30 years	30-40 years	40-50 years	50-60 years	Over 60 years
Number of employees	5	1	10	16	5

Table 15 - Gender distribution within the Supervisory Board and Executive Board

	Men	Women
Supervisory Board	5 (100%)	0 (0%)
Executive Board	2 (66.67%)	1 (33.33%)

Remuneration indicators

Tabel 16 - Remuneration indicators

Gender pay gap[10]	67%
Annual ratio of the highest earner's total compensation to the median total annual compensation for all employees (excluding the highest earner)	4.38%

People with disabilities

Transilvania Investment promotes an inclusive work environment and will not refuse to hire or, as the case may be, to keep people with disabilities in work, in cases where they are able to fulfill the service obligations related to the positions for which they are applying/occupying.

During the reporting period, the Company had no persons with disabilities among the employees.

Incidents, complaints and serious human rights impacts

Employees have the right, if they consider themselves discriminated against on the basis of sex, to formulate complaints, notifications, complaints to the employer or against him, if he is directly involved and to request the support of the employees' representative to solve the situation at work.
It constitutes discrimination and it is forbidden for the employer to unilaterally modify the relations or working conditions, including the dismissal of the employee who has submitted a complaint or a complaint at the Company level or who has filed a complaint with the competent courts. During 2023, there were no incidents of discrimination or harassment.

Health and safety measures

Occupational health and safety refer to the set of institutionalized activities, aiming to ensure the best conditions in the work process, to defend the life, physical and mental integrity, health of employees and other persons participating in the work process.

The Company makes every effort to rigorously apply the legal regulations on occupational health and safety in force, to permanently improve working conditions.

In order to achieve this objective, the Company ensures the rigorous application of the measures provided by Law no. 319/2006, the Specific Occupational Health and Safety Norms for the activity performed by the employer and its own Instructions and decides on those strategies to ensure the implementation of an integrated occupational health and safety management system at the level of the Company.

[10] Defined as the difference between average levels of pay between female and male employees, expressed as a percentage of the average level of pay of men

The Company's responsibilities in the field of occupational health and safety insurance are maintained even if external services are used.

Within the framework of its responsibilities, the Company takes the necessary measures to:

a) ensuring the safety and health protection of employees;
b) prevention of occupational risks;
c) informing and training workers;
d) ensuring the organizational framework and the means necessary for health and safety at work.

The Company's employees are insured for the risk of work accidents and occupational diseases, under the law.

All costs related to medical supervision specific to occupational risks, occupational diseases, work accidents and professional rehabilitation after occupational disease or work accident are covered by the Company.

To ensure the surveillance of the employees' health status, the Company organizes the occupational medicine service in collaboration with an authorized occupational medicine office, which has the following main attributions:

a) participation in the risk assessment of occupational diseases;
b) monitoring the health status of employees by:
    i. medical examinations upon employment;
    ii. adaptation medical examinations;
    iii. periodic medical examinations;
    iv. medical examinations upon resumption of activity;
c) guiding the activity of professional rehabilitation, professional reconversion, professional reorientation in case of accident work, occupational disease, work-related disease or after chronic diseases;
d) counseling on various occupational medicine issues.

Any employee can consult the occupational medicine doctor for any symptoms that he attributes to the working conditions and the activity carried out.

Pregnant employees, starting with the fifth month of pregnancy, as well as those who are breastfeeding will not be assigned to night work, will not be called to overtime, will not be sent on business travel and will not be able to be seconded except with their consent.

In developing the necessary measures for occupational safety and health, the employer consults with the employees' representatives and with the Occupational Health and Safety Committee.

Occupational Health and Safety (OHS) Training

Transilvania Investments develops, through the external prevention and protection service, its own instructions for each job and technology used. They are updated when working conditions, technology or whenever necessary.

The preparation and training in the field of OHS and emergency situations are to acquire knowledge and form specific skills, necessary to avoid undesirable situations.

Training in the field of occupational health and safety comprises 3 phases, namely:

- Introductory general training
- On-the-job training
- Periodic training

Health and safety measurements

During the reporting period, 100% of employees were covered by this system through the collective bargaining agreement, which demonstrates our firm commitment to their protection and well-being.

The effectiveness of occupational health and prevention measures is also supported by the fact that, during this period, no cases of occupational diseases were registered. The Company has also managed to completely avoid incidents related to work accidents. Moreover, there were no deaths due to accidents or occupational diseases.

The Company remains committed to the continuous improvement of health and safety systems, thus contributing to a work environment that supports the performance and health of employees in the long term.

Employee training and development

The Company places great emphasis on team training and upskilling. According to the Internal Regulations, values such as equal opportunities and treatment between women and men in labor relations and non-discriminatory access to professional information and counseling, initiation, qualification, improvement, specialization and professional retraining programs, including apprenticeships, are promoted.

At the same time, a criterion of the annual evaluation is represented by the improvement initiatives of each employee, thus continuous improvement and personal development are encouraged at the level of each functional structure.

The Company thus ensures for employees and management persons the participation in initial training programs, continuous training and improvement, obtaining/maintaining certifications, annual/periodic certifications, participation in professional associations/bodies/organizations (e.g. CFA, CECAR, CAFR, ASPAAS, ANEVAR etc.) motivated by one or more elements that are in close correlation with the Company's activity and with the professional contribution of employees.

Transilvania Investments actively promotes the training and professional development of employees, with two components: continuous professional training and improvement and professional development, as part of the Company's general development strategy. This activity is carried out on the basis of training and professional development plans, which involve both the participation of employees in conferences, seminars, courses, and their support in their personal efforts for professional improvement. A part of the employees with higher education followed, also during 2023, continuous professional training programs, with the aim of developing professional skills and increasing individual and collective performance.

100% of the Company's employees participated in periodic performance and career development assessments in 2023.

In 2023, the following training programs were carried out:

Table 17 - Training programs in 2023 (breakdown by hours, number of employees and genders)[11]

Course	No. of hours	No. of employees	Women	Men	Total hours (W)	Total hours (M)
SB/CFT Risk Assessment Course	4	6	4	2	16	8
Continuous training and professional development program for management functions	43	19	7	12	301	516
Continuous training and professional development program for executive functions	21	7	2	5	42	105
CFA Institute (CERTIFICATION)	340	1	-	1	0	340
CFA ESG module (CERTIFICATION)	130	2	-	2	0	260
Taxation	20	3	3	-	60	0
Expert in accessing European Structural and Cohesion Funds European Funds	180	2	2	-	360	0
ESG & Sustainable Finance Course	6	2	2	-	12	0
Senior Executive Management	96	1	1	-	96	0
Future of Governance International Conference	4	1	1	-	4	0
Project Management	42	3	2	1	84	42
Public Relations - PR Summit	8	1	-	1	0	8
ANEVAR (CERTIFICATION)	164	2	-	2	0	328
ANEVAR (continuous training)	20	4	2	2	40	40
Internal auditors for the IT security management system	17	1	-	1	0	17
GDPR - awareness in the field of personal data protection and their free movement	2	37	18	19	36	38
Information Security Awareness Course	3	37	18	19	54	57
Total training hours					**1105**	**1759**

Table 18 - Average number of training hours by gender[12]

	Women	Men
Average number of training hours	25	39

[11] In addition to the 37 employees of the Company, these data also include the 5 members of the Supervisory Board and the 3 members of the Executive Board.
[12] In addition to the 37 employees of the Company, these data also include the 5 members of the Supervisory Board and the 3 members of the Executive Board.

Community engagement through CSR

Policies related to affected communities

The Company has adopted a Social Responsibility Policy that is based on the principle of coherence between social programs, the attitude in business, attitude towards shareholders and employees as well as towards the environment, in the context of ensuring the sustainable development of both the Company and the community in which it operates. The Company is committed to ensuring that any activity it carries out is conducted in an ethical manner, based on best practices in corporate governance.

Transilvania Investments is involved in sponsorship and patronage activities, directly or through specialized associations and foundations, the priority areas being the following: education, health and social assistance, sports, culture, environment and humanitarian actions.

The Company continued in 2023 its involvement in the above-mentioned areas, which consisted of providing financial support, for the following purposes:

- supporting charitable projects organized for the benefit of people diagnosed with cancer;
- facilitating medical treatments in the country and abroad and the purchase of hearing and verbal rehabilitation devices;
- organizing charitable actions for minors in children's homes, on the occasion of June 1 and Christmas holidays;
- supporting the community project dedicated to young people leaving the special protection system;
- supporting a home for the elderly to pay for the works of changing the electrical installation and installing a fire detection, alarm and signaling system according to ISU regulations;
- supporting school associations and clubs, by financing educational innovation activities, for the purchase of specific equipment and components;
- financial support for the participation of the students of the "Andrei Șaguna" National College in the National Space Society Settlement Contest 2023 and NASA International Space Development Conference;
- financial support for chess, equestrian dressage and bowling associations and sports clubs, in order to purchase equipment and participate in national and international competitions;
- support for the organization of cultural events and the printing of history books;
- sponsorship and organization, in partnership with the Institute of Financial Studies, Babeș-Bolyai University of Cluj-Napoca, the Chamber of Commerce and Industry of Brașov and the Association of Fund Managers, of conferences and summits on topics in the financial, legal and investment fund management fields.

In total, in 2023, Transilvania Investments concluded 23 sponsorship contracts and two patronage contracts, with a total value of RON 458,650.

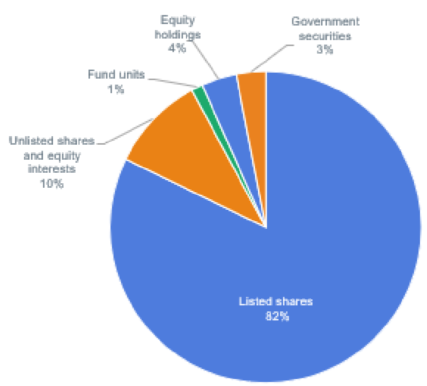
Our portfolio

Portfolio Overview

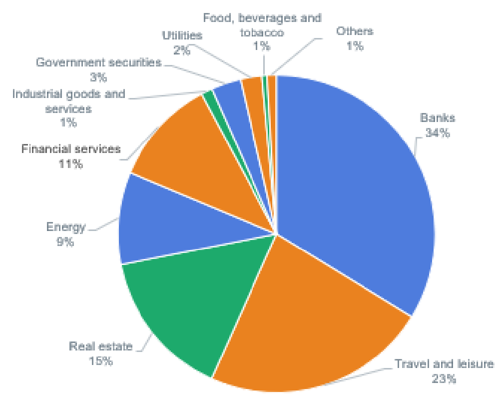
Transilvania Investments focuses on asset management through flexible strategies, focused on diversification and maximizing shareholder value. With a majority exposure to sectors such as financial-banking, tourism, real estate, energy and technology, the fund aims to provide stability and sustainable returns, through the continuous evaluation and adjustment of the portfolio.

These objectives are supported by investments in strategic companies and a firm commitment to sustainability, adaptability and responsible corporate governance. The carefully designed asset allocation strategy targets opportunities for growth and diversification in an ever-evolving market.

Portfolio structure by types of financial instruments at 31.12.2023



Portfolio structure by sectors at 31.12.2023



Main business lines

Transilvania Investments manages a diversified portfolio, structured on several business lines with strategic impact. These areas are essential for the stability and performance of the Fund:

- **Financial-Banking Sector**: With a 45% share in the total portfolio, the financial sector is the main pillar of the Fund. Transilvania Investments prioritizes investments in banks and financial services, capitalizing on financial market opportunities and maximizing liquidity. The Fund aims to diversify its exposure through acquisitions in large banks on the local market, contributing to portfolio stability and protection against market risks.

	1	**BANCA TRANSILVANIA SA**	Listed	Shares
	2	**BRD - GROUPE SOCIETE GENERALE**	Listed	Shares
	3	**EVERGENT INVESTMENTS S.A.**	Listed	Shares
	4	**BURSA DE VALORI BUCURESTI SA**	Listed	Shares
	5	**TRANSILVANIA LEASING SI CREDIT IFN SA BRASOV**	Listed	Shares
	6	**FONDUL PROPRIETATEA SA**	Listed	Shares

FINANCIAL	7	**INFINITY CAPITAL INVESTMENTS S.A.**	Listed	Shares
	8	**FOND INCHIS DE INVESTITII BET-FI INDEX INVEST**	Listed	Fund units
	9	**CCL CEECAT Fund II SCSp**	Unlisted	Equity securities
	10	**BT MAXIMUM**	Unlisted	Fund units
	11	**FIAIR FONDUL PRIVAT COMERCIAL**	Unlisted	Fund units
	12	**CCP.RO BUCHAREST S.A.**	Unlisted	Shares
	13	**FIAIP Professional Globinvest**	Unlisted	Fund units
	14	**DEPOZITARUL CENTRAL SA BUCURESTI**	Unlisted	Shares
	15	**FDI NAPOCA**	Unlisted	Fund units
	16	**FDI GlobUS BlueChips**	Unlisted	Fund units
	17	**SOCIETATEA DE INVESTITII CERTINVEST IMM S.A.**	Unlisted	Shares

- **Tourism**: The Fund focuses on developing a competitive tourism portfolio, including the affiliation of key hotels to international chains [13]. Relevant examples are **ARO Palace Brașov** and **Turism Felix**, where considerable investments are announced for modernization and increasing attractiveness. For other hotels in the **Hoteluri, Restaurante Marea Neagră** portfolio, Transilvania Investments has implemented a business model based on asset leasing, which adds flexibility and operational efficiency.

Hotels	1	**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**	Listed	Shares
	2	**TURISM FELIX S.A.**	Listed	Shares
	3	**ARO-PALACE SA**	Listed	Shares
	4	**TURISM COVASNA SA**	Listed	Shares
	5	**TUSNAD SA**	Listed	Shares
	6	**NEPTUN-OLIMP SA**	Listed	Shares
	7	**TRATAMENT BALNEAR BUZIAS SA**	Listed	Shares
	8	**EMAILUL SA**	Listed	Shares
	9	**DORNA TURISM SA**	Listed	Shares
	10	**COMPA SA SIBIU**	Listed	Shares
	11	**BIROUL DE TURISM PENTRU TINERET (BTT) SA**	Listed	Shares
	12	**TURISM LOTUS FELIX SA**	Unlisted	Shares
	13	**CONTINENTAL HOTELS SA BUCURESTI**	Unlisted	Shares
	14	**APOLLO ESTIVAL 2002 SA**	Unlisted	Shares
	15	**FERMIT SA**	Unlisted	Shares
	16	**TOMIS ESTIVAL 2002 SA**	Unlisted	Shares
	17	**MECANICA SA**	Unlisted	Shares

[13] The strategy approved by the shareholders at the beginning of 2024 for the period 2024-2028 (which represents an evolution of the 2020-2024 Strategy) provides that *within the tourism sector we will produce a transformation/consolidation of the administration and business models. By way of example, in order to increase the performance of companies in this sector, the contracting of specialized operating services and/or operating under international brands may also be considered (https://transilvaniainvestments.ro/wp-content/uploads/2024/04/1.-Strategia-Transilvania-Investments_2024-2028.pdf)*

	18	**TRANSILVANIA HOTELS & TRAVEL S.A.**	Unlisted	Shares

- **Real Estate:** The real estate sector represents a strategic business line for Transilvania Investments, which includes assets of regional importance such as **International Trade Center** in Brașov and properties in Sibiu. With an occupancy rate of 80% in Brașov and Sibiu and ongoing modernization projects, the Fund aims to optimize the return on these assets through efficient management strategies and investments in infrastructure. The real estate portfolio focuses on a sustainable approach, while ensuring modern and attractive conditions for tenants.

Real Estate	1	**FEPER SA**	Listed	Shares
	2	**CASA ALBA INDEPENDENTA SIBIU**	Listed	Shares
	3	**INDEPENDENTA SA**	Listed	Shares
	4	**VIROLA-INDEPENDENTA SIBIU**	Listed	Shares
	5	**MECANICA CODLEA SA**	Listed	Shares
	6	**UTILAJ GREU SA**	Listed	Shares
	7	**SEMBRAZ SA**	Listed	Shares
	8	**COCOR SA**	Listed	Shares
	9	**SERVICE NEPTUN 2002 SA**	Listed	Shares
	10	**ONE UNITED PROPERTIES**	Listed	Shares
	11	**MECON SA**	Listed	Shares
	12	**ORGANE DE ASAMBLARE SA**	Listed	Shares
	13	**HOTELURI RESTAURANTE SUD SA**	Unlisted	Shares
	14	**TRANSILVANIA INVESTMENTS ALLIANCE REAL ESTATE SA**	Unlisted	Shares
	15	**INTERNATIONAL TRADE&LOGISTIC CENTER SA**	Unlisted	Shares
	16	**PRAHOVA ESTIVAL 2002 SA**	Unlisted	Shares

- **Energy:** In the context of the transition to sustainable energy, Transilvania Investments is exploring opportunities in the renewable energy and energy efficiency sector, in order to contribute to the decarbonization goals. The Fund invests in energy companies that comply with the principles of environmental protection, thus ensuring that its portfolio reflects a modern and responsible approach to natural resources.

Energy	1	**OMV PETROM SA BUCURESTI**	Listed	Shares
	2	**S.N.G.N. ROMGAZ S.A.**	Listed	Shares
	3	**PROSPECTIUNI SA BUCURESTI**	Listed	Shares
	4	**S.N.T.G.N. TRANSGAZ SA**	Listed	Shares
	5	**CONDMAG BRASOV**	Listed	Shares

- **Technology**: Transilvania Investments considers technology a sector with high potential, which can accelerate the digitalization of the national economy. In this area, the Fund aims to support innovative companies, which develop IT and technological solutions capable of improving efficiency and bringing added value to the digital economy. These investments contribute not only to the financial performance of the Fund, but also to the development of the digital skills of the Romanian economy.

Technology	1	**SOFT APLICATIV SI SERVICII SA**	Unlisted	Shares
	2	**KOGNITIVE MANUFACTURING TECH S.R.L.**	Unlisted	Equity interests

- **Active trading**: Transilvania Investments maintains an active trading strategy, targeting issuers with high liquidity, both on the local and international markets. The purpose of this business line is to ensure an optimal level of portfolio liquidity and to capitalize on the opportunities offered by the movements of the financial markets. The trading portfolio mainly includes shares in the financial sector, such as banks and financial services companies, which account for a significant portion of the Fund's assets.

- **Private Equity**: Private equity investments are a distinctive element in the Fund's portfolio, offering the opportunity to generate higher returns by being actively involved in companies in which majority stakes are held. The Fund's strategy in this area targets both investments in emerging sectors and the capitalization of existing assets, thus contributing to increased competitiveness and profitability. The Fund prioritizes the development of a partnership relationship with portfolio companies, supporting them in the implementation of the best operational and management practices.

- **Other sectors**

Telecommunications	1	**DIGI Communications N.V.**	Listed	Shares
Utilities	1	**S.P.E.E.H. HIDROELECTRICA SA**	Listed	Shares
	2	**S.N. NUCLEARELECTRICA**	Listed	Shares
	3	**SOCIETATEA ENERGETICA ELECTRICA SA**	Listed	Shares
Public sector	1	**MINISTERUL DE FINANTE - RODD24CXRK47**	Listed	Government bonds
	2	**MINISTERUL DE FINANTE - RO1624DBN027**	Listed	Government bonds
	3	**MINISTERUL DE FINANTE - RO7P95F9FNY6**	Listed	Government bonds
	4	**MINISTERUL DE FINANTE - RO52CQA3C829**	Listed	Government bonds
	1	**ROMRADIATOARE SA BRASOV**	Listed	Shares
	2	**ROCA INDUSTRY HOLDINGROCK1 SA**	Listed	Shares
	3	**DUPLEX SA**	Listed	Shares

Industry	4	**TRANSILVANIA INVESTMENTS ALLIANCE EQUITY S.A.**	Unlisted	Shares
	5	**GRUP BIANCA TRANS SA**	Unlisted	Shares
	6	**TRANSILVANIA INVESTMENTS RESTRUCTURING SA**	Unlisted	Shares
	7	**NOVA TOURISM CONSORTIUM SA**	Unlisted	Shares
	8	**ARCOM S.A. BUCURESTI**	Unlisted	Shares
	9	**CNM PETROMIN SA CONSTANTA**	Unlisted	Shares
	10	**FELAM SA**	Unlisted	Shares
	11	**ICIM SA**	Unlisted	Shares
	12	**ROCA INDUSTRY HOLDINGROCK1 SA**	Unlisted	Rights
	13	**SIBAREX SA Issue date: 21.11.2013**	Unlisted	Bonds
Medical	1	**MED LIFE S.A.**	Listed	Shares
Consumer goods	1	**PURCARI WINERIES PUBLIC COMPANY Ltd**	Listed	Shares
	2	**HOLDE AGRI INVEST S.A.**	Listed	Shares
	3	**ROMAGRIBUZ VERGULEASA SA**	Unlisted	Shares
	4	**VERITAS PANCIU SA**	Unlisted	Shares
	5	**VITIVINICOLA BASARABI SA**	Unlisted	Shares

Promotion of Governance and Sustainability principles at portfolio level

Transilvania Investments has approved, in the General Meetings of Shareholders of the companies in which it holds a majority stake, a set of policies and procedures that will be progressively implemented to ensure efficient management in line with the highest standards and to contribute to the improvement of economic performance and long-term sustainability.

- The implementation of ISO standards for quality management - a set of policies based on ISO 9000 standards, including ISO 9001:2015 and ISO 9004:2018, which will contribute to the development of a robust framework for continuous improvement, helping to optimize processes and increase customer satisfaction.
- Procedures for the sale and lease of the assets and optimization of the acquisition processes - companies will adopt detailed and transparent procedures for the sale and lease of the assets and establish policies for optimizing acquisitions with the objective of reducing costs and improving operational efficiency.
- Investing in human capital development and digitization - we recognize the importance of human capital in achieving our strategic goals; companies will adopt continuous employee training and development programs, intended to increase the level of competence and support the digitization of internal processes.
- A focus on energy efficiency and sustainability - as part of our commitment to a positive impact on the environment, our subsidiaries will explore energy efficiency measures, including the

installation of photovoltaic panels and the replacement of energy-intensive equipment. These initiatives are intended to reduce our carbon footprint and promote long-term sustainability.

- Corporate Governance and transparent reporting - to ensure transparency and accountability in the management of the business, companies will adopt rigorous corporate governance policies. This includes extensive reporting requirements, with monthly publication of a range of performance indicators and detailed quarterly and annual reporting.
- Preventing and managing conflicts of interest - companies will implement rigorous policies to prevent and manage conflicts of interest, ensuring that all decisions are made transparently and in the interests of shareholders and the community.

Financial performance and portfolio evolution

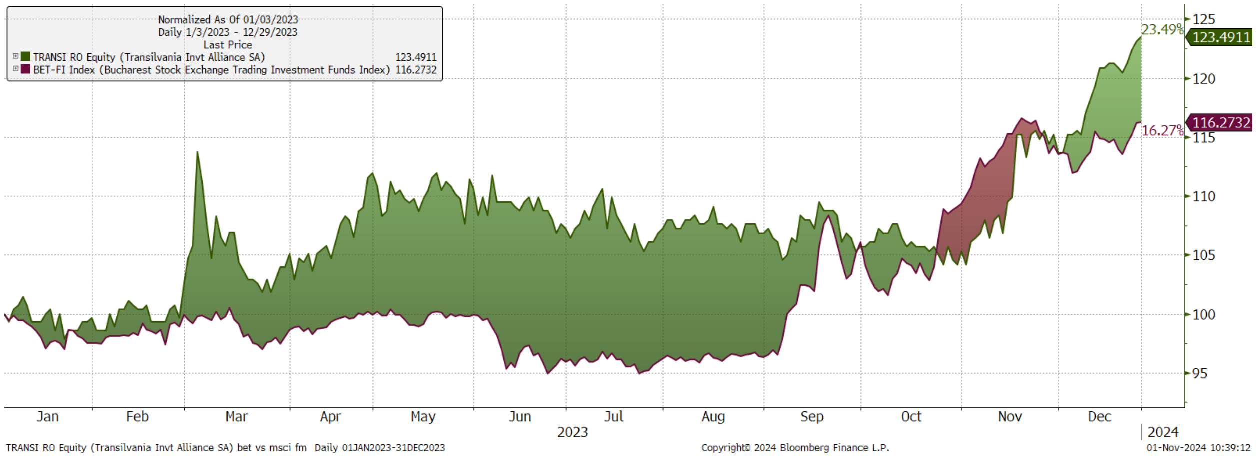
To provide an even more comprehensive overview of Transilvania Investments' share performance, we have used a number of other benchmarks to measure the Fund's performance compared to the relevant markets and sectors.

In the following pages of the sustainability report, you will be able to find this performance along with indicators considered relevant:

1. BET-FI Index

Relevance: BET-FI is the financial sector index listed on the Bucharest Stock Exchange, dedicated to financial investment companies (SIFs). It is a very relevant comparison for Transilvania Investments, given that BET-FI is the first sector index launched by BSE and reflects the evolution of financial investment companies and other similar entities.

Source: Bloomberg



Source: Bloomberg

2. MSCI FM Index

Relevance: Launched by MSCI FM, this MSCI Frontier Markets Index is a stock market index developed by MSCI Inc. that tracks the performance of financial markets in economies considered "frontier markets." Frontier markets are less developed emerging economies than those included in the category of major emerging markets, characterized by low liquidity and higher volatility, but with growth potential. The MSCI Frontier Markets Index comprises listed stocks from countries at a lower level of economic development than traditional emerging markets, providing investors with access to wider geographical diversification and investment opportunities in these growing markets.

Source: Bloomberg

Identification of portfolio-wide impacts, risks and opportunities

The drafting of the first sustainability report with reference to ESRS standards brought several novelties compared to the non-financial statements drafted in previous years.

Thus, in addition to the double materiality analysis carried out at the Company level (presented in pages 14-29 of the report), Transilvania Investments has also developed a double materiality analysis process for the managed portfolio.

Thus, with the help of this process, the Company tried to identify (through a desktop analysis of publicly available data, sustainability reports, market reports/trends and best practices) a series of impacts, risks and opportunities that may affect the industries in which the investment fund invests.

The industries included in this analysis are as follows:

- Banks & NBFIs
- Hotels, restaurants and tourist services
- Oil & Gas
- Real estate
- Investment funds
- Financial Services
- Electricity
- Industrial Engineering
- Consultation
- Beverages
- Food
- Household goods
- Telecommunication services
- Medical services
- Automobiles & Spare Parts
- Software and IT services
- Industrial transport
- Construction & Building Materials

The stakeholders within the Company, consulted in the process of identifying and evaluating IROs at portfolio level, were the Trading department and the Portfolio Management department, in collaboration with the Risk Management department.

Assessment of impacts, risks and opportunities

Assessing the significance of impacts

As with the company-wide analysis, all identified impacts were assessed by scoring from 1 to 4 on 4 severity scales, as defined by the ESRS standards: Probability, Scale, Scope, and Irremediability. The impact significance score is the result of multiplying the probability score by the severity score, consisting of scale, scope and irremediability (in the case of adverse impacts). The severity score is given by choosing the maximum score from the 2 or 3 criteria, depending on the character of the impact to capitalize on the significance of any individual criterion. Thus, all impacts could reach a maximum score of 16, ensuring an equal level of comparability.

Assessing the significance of risks and opportunities

Risks and opportunities were assessed by scoring from 1 to 4 for 2 severity measurement scales, as defined by the ESRS standards: Probability and Magnitude. The risk and opportunity materiality score is the result of multiplying the probability score by the magnitude score. All risks and opportunities could thus reach a maximum score of 16, ensuring an equal level of comparability.

Adjusting scores for sector relevance

Certain impacts, risks and opportunities (IROs) are relevant in several industries in the portfolio, but their significance varies depending on the specifics of each sector. Thus, the final score of an IRO reflects both its basic significance and the frequency of its occurrence within the portfolio. For example, if an impact scores 16 in six industries, 12 in three industries, and 6 in three other industries, the final score for that impact will be:

Final impact score = 16 x 6 + 12 x 3 + 6 x 3 = 150

Description of impacts, risks and opportunities

The impacts, risks and opportunities in the Company's portfolio, as well as the results of their assessment, are described in the table below. In order to present the results of the analysis in a concise and understandable manner for the readers of the Report, we have chosen to present the most significant 5 impacts, 5 risks and 5 opportunities.

Top 5 Significant Impacts		
No.	**Impact**	**Description**
1	**Greenhouse Gas (GHG) Emissions**	Reducing greenhouse gas (GHG) emissions is a key objective for various economic sectors, each of which contributes specifically to the fight against climate change. The financial sector, for example, needs to support green and carbon footprint reduction initiatives, thus playing a significant role in reducing GHG emissions by investing in sustainable projects. The oil and gas industry is one of the largest contributors to CO2 and methane emissions, amplifying its global climate impact. The real estate sector generates a significant percentage of GHG emissions, due to the consumption of energy for heating, cooling and lighting in buildings. The beverage industry, in particular the production and distribution of bottled beverages, produces GHG emissions from energy use in factories, transport and packaging, and the consumer goods sector contributes to GHG emissions through the energy used in the production and operation of household products. Similarly, the construction industry generates significant emissions, not only through the manufacture of building materials such as cement and steel, but also through the construction activities themselves, which consume considerable resources. The industrial engineering sector contributes to GHG emissions, especially in energy-intensive fields such as metallurgy, cement and chemistry, while the food industry, through meat and dairy production, produces methane and CO2 in large quantities as a result of agricultural activities, transport and food processing. Telecommunications infrastructure also has a notable impact, consuming significant amounts of energy to operate towers, data centers, and transmission networks, thus contributing to global GHG emissions and affecting climate change.

2	**Waste management**	Waste generation is a major challenge for different economic sectors, each of which specifically contributes to the amount and type of waste that affects the environment. The beverage industry, for example, makes intensive use of plastic, glass and aluminium packaging, contributing to plastic packaging pollution and significant energy consumption in the production and recycling of glass and aluminium. Real estate projects are another example, producing large amounts of construction waste, which can have a considerable impact on the environment if not managed properly. The household goods sector also contributes significantly to the generation of waste, including e-waste and packaging, which can pollute the environment and pose risks to public health if not properly managed. Medical institutions generate specific waste, including hazardous materials and biological waste, that require special treatments to prevent environmental contamination and public health risks. The automotive industry produces waste at all stages of the life cycle of vehicles, from production to end-of-life, generating large amounts of metals, plastics, rubber and hazardous fluids, the improper management of which can lead to environmental pollution. In turn, industrial projects generate solid, liquid and gaseous waste, which requires appropriate management methods to prevent pollution and reduce the impact on public health. These examples underline the importance of sustainable waste management, given the significant impact on the environment and society.
3	**Intensive consumption of natural resources**	The intensive consumption of natural resources is a major challenge for various economic sectors, each contributing to resource depletion and environmental degradation. The development and operation of buildings requires large amounts of building materials, water and energy, which contributes to the depletion of natural resources and can have negative effects on the environment. The production of household goods, including household appliances, furniture and cleaning products, involves the intensive use of metals, plastics, wood and water, thus contributing to environmental degradation and a decrease in the availability of natural resources. The construction sector requires large amounts of sand, gravel, wood, water and energy, and the extraction of these materials can cause deforestation, soil degradation and the depletion of natural resources. Similarly, industrial engineering activities make intensive use of natural resources, such as raw materials, water, and energy, putting pressure on the environment and available resources. The production of automobiles and spare parts requires metals, plastics, rubber, and energy, and the extraction and processing of these materials can cause deforestation, water pollution, and soil damage. On the other hand, sectors such as the hotel and restaurant industry contribute to the conservation of natural resources through energy efficiency measures and the reduction of water consumption, thus having a positive impact on the environment.

4	**Health impact**	The impact on people's health varies significantly between economic sectors, each with specific contributions to public health. The high-sugar or high-alcohol beverage industry affects public health by increasing the incidence of problems such as obesity, diabetes and alcohol dependence, thus generating additional pressure on health systems. Similarly, the quality and safety of consumer goods directly influences the health of consumers, especially when products contain hazardous substances or do not comply with safety standards. Emissions from vehicles, as well as road traffic noise, have harmful effects on public health, contributing to respiratory, cardiovascular and stress problems. Construction activities affect health through air pollution with dust and particles, noise and vibrations produced, but also through the risks of accidents on construction sites. Building materials containing hazardous substances can endanger the health of workers and residents near construction sites. There are also concerns about exposure to electromagnetic radiation emitted by telecommunications infrastructure and mobile equipment, with potential effects on human health, as research continues to explore and clarify the extent of this impact.
5	**Impact on biodiversity**	Different economic sectors contribute significantly to biodiversity loss, each with a specific impact on ecosystems and natural habitats. Urban sprawl and infrastructure development often lead to the destruction of natural habitats and the fragmentation of landscapes, affecting biodiversity and contributing to the loss of species. Exploration and production activities are also frequently associated with deforestation and the deterioration of fragile ecosystems, putting additional pressure on biodiversity. The energy sector, through the infrastructure needed to produce and transport energy, such as hydroelectric dams and transmission lines, can affect natural habitats and reduce species diversity. Intensive agriculture, especially for the production of food of animal origin, requires large areas of land, which can lead to deforestation, loss of biodiversity and soil degradation. Similarly, the installation of telecommunications infrastructure, such as towers and underground cables, can alter the landscape, fragmenting natural habitats and affecting the ecological balance. Pharmaceutical waste is another risk to biodiversity, as improperly disposed of medicines can contaminate water and soil, affecting organisms in these ecosystems. New real estate developments also contribute to the loss of natural habitats and the fragmentation of ecosystems, with negative effects on local biodiversity

Top 5 Significant Risks		
No.	**Risks**	**Description**
1	**(R) Risks caused by strict ESG regulations**	Industries face major risks driven by increasingly stringent sustainability regulations, and non-compliance can lead to penalties, product recalls, delays, and considerable financial losses. In the automotive industry, regulations on greenhouse gas (GHG) emissions and vehicle energy efficiency are constantly increasing, and failure to comply with them can result in penalties and bans on the sale of certain models. The construction sector also faces strict regulations related to the energy efficiency of buildings and the use of sustainable materials, and non-compliance can delay projects and attract financial penalties. The food industry must comply with safety, resource use and emissions regulations, and violations can damage reputation and involve losses. Strict regulations related to water use, waste management, and product composition, such as sugar and alcohol content, pose a financial risk to the beverage industry, as failure to comply with them can lead to penalties and product recalls. The industrial transport and household goods manufacturing sectors are subject to strict emission and waste management standards, and financial institutions risk penalties and reputational damage if they do not align with ESG (environmental, social and governance) reporting requirements. All these regulations increase the pressure for compliance and can impose significant additional costs for companies, thus affecting their profitability and market positioning.
2	**(R) Reputational risk**	Companies in various economic sectors face significant reputational risks related to sustainability, and events that contravene the principles of social and environmental responsibility can have serious consequences for public and investor confidence. In the IT industry, data privacy issues, the use of algorithms in an unethical way, or scandals related to business practices can quickly erode the reputation and trust of customers and partners. In the hospitality sector, hotels and restaurants that do not comply with sustainability standards risk loss of trust from customers, thus affecting their revenues and public image. In the real estate industry, non-compliance with social and environmental responsibility standards can affect the company's attractiveness to investors and tenants, while in the beverage industry, companies perceived as unsustainable or unethical (e.g. exploitation of water resources in scarce areas) risk losing their reputation. Companies in the food industry are vulnerable to reputational risks related to the use of controversial ingredients and animal welfare practices, which can reduce consumer loyalty. Household products perceived as unsafe or harmful to the environment can similarly affect the image of companies, leading to loss of trust and decreased sales. Financial institutions are exposed to reputational risks if transparency is lacking or engaging in unethical practices, and in the oil industry, pollution incidents such as oil spills can cause a massive loss of public and investor confidence. Similarly, investment funds that do not comply with ESG (environmental, social, governance) principles risk losing the trust of the public and investors, damaging their reputation and long-term stability.

3	**(R) Financial risks (associated with climate change and the energy transition)**	Companies in various industries face financial risks stemming from climate change, sustainability pressures and energy transition, which can negatively impact costs and profitability. The investments required to adopt sustainable technologies and green practices can entail significant upfront costs, impacting profit margins in the short term. In the oil and gas industry, the global transition to renewable energy sources generates important economic risks, such as falling demand for fossil fuels and the depreciation of some assets. For the industrial transport sector, dependence on fossil fuels presents considerable financial vulnerabilities, as fluctuations in oil and gas prices directly influence operational costs and, implicitly, profitability. At the same time, companies in industries with high greenhouse gas emissions may be affected by new taxes and regulations to reduce emissions, which add additional financial pressures in the context of an accelerated energy transition.
4	**(R) Vulnerability to climate change**	Climate change poses significant risks to various industries, affecting production, supply and infrastructure. In the agricultural sector, extreme weather events such as droughts and floods can compromise harvests, leading to fluctuations in food prices and instability in supply chains. This not only affects farmers, but also has an impact on consumers, generating uncertainty regarding the availability of food. The beverage industry is also critically dependent on raw materials influenced by climatic conditions. Droughts and floods can affect the harvests needed for beverage production, generating risks related to prices and continuity of supply. Energy infrastructure is not exempt from these risks. Distribution grids and power plants can suffer damage due to storms, floods, or droughts, which can lead to power outages. In addition, the construction industry faces similar challenges, as extreme weather events can delay construction projects, damage existing structures, and increase insurance and repair costs.
5	**(R) Vulnerability to technological and market change**	Vulnerability to technological and market changes poses a considerable risk for companies that do not adapt quickly to the transition to sustainability. As consumer preferences change and legislation becomes more stringent, companies that continue to invest in traditional technologies risk losing market share to more innovative and adaptable competitors. This stagnation can lead not only to immediate financial losses, but also to long-term reputational damage. Also, companies that do not update their processes and products to align with emerging sustainability requirements may face difficulties in attracting investments and strategic partnerships, which can affect their overall competitiveness in the market.

Top 5 Significant Opportunities		
No.	**Opportunities**	**Description**
1	**(O) Investment and deployment of new green technologies**	Investing in new technologies offers significant opportunities for companies looking to improve the sustainability and efficiency of their operations. For example, by adopting carbon capture and storage (CCS) technologies or developing biofuels, companies can reduce their environmental impact and align with increasingly stringent sustainability requirements. In addition, the modernization of electricity grids through the implementation of smart grid technologies can increase energy efficiency, reduce losses and improve demand management, thus generating economic and environmental benefits. In the health sector, investments in technologies such as telemedicine and energy-efficient medical equipment can increase access to quality healthcare, while reducing the carbon footprint. Also, the adoption of construction technologies, such as 3D printing, prefabrication, and the use of artificial intelligence to optimize processes, can not only reduce costs, but also speed up turnaround times and minimize waste generated. Companies that adopt these innovative technologies not only improve their operational efficiency, but also gain a competitive advantage in the market, thus positioning themselves favorably in an increasingly sustainability-oriented business environment.
2	**(O) Protecting natural resources (sustainable packaging, sustainable production processes, circular economy solutions)**	Opportunities for protecting natural resources are becoming increasingly apparent in the context of sustainable development and environmental requirements. The implementation of advanced technologies and efficient resource management practices can lead to significant reductions in water and energy consumption in production processes, resulting in cost savings and improved sustainability performance. In particular, companies in the beverage industry have the chance to develop and adopt more sustainable packaging, such as those made of biodegradable materials or reusable packaging systems, which help to reduce their impact on the environment. The automotive industry can also take advantage of innovations in the use of recyclable and sustainable materials, as well as the implementation of more energy-efficient production processes that not only reduce resource consumption, but also minimize waste. Investments in the development of sustainable food packaging, such as biodegradable or recyclable packaging, can also meet sustainability requirements and reduce environmental impact. Industrial engineering companies can contribute to the circular economy by developing solutions for the reuse and recycling of materials, thus reducing dependence on primary resources.

3	**(O) Financing the transition to a sustainable economy (sustainable financial products, promotion of ESG criteria)**	Opportunities to finance the transition to a sustainable economy are increasing, having a significant impact on the financial sector. The development and promotion of sustainable financial products can attract new customers and investments, thus diversifying the sources of income for financial institutions. Investment funds have the opportunity to improve returns by allocating capital to sectors and companies that prioritize sustainability, such as renewable energy, green technology, and sustainable infrastructure. In addition, increasing investor demand for financial products that comply with ESG (environmental, social and governance) criteria provides investment funds with the opportunity to develop and market thematic funds, green bonds and other sustainable financial instruments. These initiatives not only meet investors' expectations, but also help promote sustainable practices across the economy. Financial institutions also have the opportunity to improve their risk management and long-term performance by integrating ESG criteria into their risk assessment and decision-making. This not only supports the transition to a more sustainable economy, but also strengthens the position of financial institutions in the market, given the continuous changes in investor preferences and global regulations.
4	**(O) Development of renewable energy sources and diversification of the energy portfolio**	The opportunities for the development of renewable energy sources and the diversification of the energy portfolio are increasingly evident for companies in the electricity sector. They can invest in renewable energy sources, such as solar, wind and hydropower, thus helping to reduce their carbon footprint and respond to the growing demand for clean energy. Investments in renewable energy offer companies the opportunity to diversify revenue streams, decreasing dependence on fossil fuels and increasing economic resilience. By expanding their energy portfolios with sustainable solutions, companies can not only meet consumer expectations and increasingly stringent regulations, but also align with global trends towards a clean energy economy. This transition to renewables not only supports sustainability goals, but also offers significant potential for growth and innovation in the energy sector. By adopting advanced technologies and energy efficiency practices, companies can gain a competitive advantage in the marketplace while contributing to a more sustainable future for all.
5	**(O) Streamlining the supply chain**	Opportunities for streamlining the supply chain are becoming increasingly relevant for various industries, including automotive, food and household goods. Car manufacturers, for example, can optimize the supply chain by reducing waste and improving recycling processes for end-of-life vehicles, thus contributing to the circular economy and reducing the ecological footprint. In the food industry, supply chain optimization can reduce food waste while improving resource efficiency and decreasing greenhouse gas (GHG) emissions. This approach not only supports more sustainable food production, but also helps companies improve their reputation and competitiveness in the market. Companies can also invest in technologies and processes that facilitate the optimization of transport routes, leading to a reduction in fuel consumption and operational costs. Using software for logistics management, implementing smart routes, and adopting more efficient loading solutions are just a few of the strategies that can improve the sustainability and efficiency of the supply chain.

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