

Corporate Governance Regulation
of
SOCIETATEA DE INVESTIȚII FINANCIARE TRANSILVANIA





SUMMARY

1. PREAMBLE	3
2. CORPORATE GOVERNANCE STRUCTURES	4
2.1. General Meeting of Shareholders	5
2.2. Supervisory Board	6
2.2.1. Structure of the Supervisory Board.....	7
2.2.2. Nomination of Supervisory Board members.....	8
2.2.3. Duties of the Supervisory Board.....	8
2.2.4. Remuneration of Supervisory Board members.....	11
2.2.5. Meetings of the Supervisory Board.....	12
2.2.6. Committees of the Supervisory Board.....	13
2.2.6.1. Audit Committee.....	14
2.2.6.2. Risk Committee.....	16
2.2.6.3. Remuneration Committee.....	17
2.2.6.4. Nomination Committee.....	18
2.3. Executive Board	19
2.3.1. Executive Board Members.....	20
2.3.2. Nomination of Executive Board members.....	20
2.3.3. Executive Board's duties.....	21
2.3.4. Remuneration of Executive Board Members.....	22
2.3.5. Executive Board's meetings.....	23
3. COMPLIANCE, RISK MANAGEMENT AND COMPANY AUDITORS	24
3.1. Compliance	24
3.2. Risk Management	25
3.3. Company's Auditors	26
3.3.1. Internal Auditor.....	26
3.3.2. Financial Auditor.....	27



4. HOLDERS OF SHARES.....	27
4.1. Shareholders	27
4.2. Shareholders' rights.....	28
4.2.1. Shareholders' rights within the general meetings of shareholders.....	28
4.2.2. Shareholders' right to dividends	29
4.3. Communication with shareholders and other stakeholders.....	30
4.3.1. General Principles.....	30
4.3.2. Purpose and objectives of the communication strategy.....	30
4.3.3. Target groups.....	30
4.3.4. Communication with shareholders and potential investors	30
4.3.5. Communication with portfolio companies.....	32
4.3.6. Communication with the capital market institutions	33
4.3.7. Communication with public institutions	34
4.3.8. Communication with the media	34
4.3.9. Internal communication	34
5. CONFLICT OF INTERESTS AND TRANSACTIONS WITH INVOLVED PARTIES	35
6. REGIME OF CORPORATE INFORMATION	37
7. SOCIAL RESPONSIBILITY	38

1. PREAMBLE

Societatea de Investiții Financiare Transilvania S.A. (S.I.F. Transilvania/ "the Company") is classified as a Retail Investor's Alternative Investment Fund (R.I.A.I.F.) of diversified closed-end type, established as an investment company, self-managed, according to the provisions of Law no. 243/2019 *on the regulation of alternative investment funds and to amend and supplement regulatory acts*. The Company is authorized, regulated and supervised by the Financial Supervisory Authority (F.S.A.).

S.I.F. Transilvania is authorized as an Alternative Investment Fund Manager (A.I.F.M.), according to the provisions of Law no. 74/2015 *on alternative investment fund managers*, under **F.S.A. Authorization no. 40/15.02.2018**. The Company is registered with F.S.A. Register, Section - Alternative Investment Fund Managers, Subsection - Alternative Investment Fund Managers Authorized by F.S.A. (A.I.F.M.A.) under no. PJR07.1 AFIAA/080005.

The shares issued by S.I.F. Transilvania are listed on the Bucharest Stock Exchange (**symbol SIF3**), under the Premium category, Main segment, and they are held by Romanian and foreign individual and institutional shareholders.

Corporate governance is a complex of processes, practices, policies, regulatory framework with impact on the administration, management and control of a company. Corporate governance considers the way in which the rights and responsibilities are structured between various categories of participants in the activity of the company, like shareholders, Supervisory Board, top management, employees, auditors, also specifying the way in which the decisions are taken with regard to the activity of the company, the way in which the strategical objectives are defined, the means by which they are met and the way in which economic performances are monitored.

S.I.F. Transilvania applies the corporate governance principles since financial year 2010, when it voluntarily adhered to the Code of Corporate Governance (C.C.G.) of the Bucharest Stock Exchange (B.S.E.). The Company periodically presents, under the "Aplici sau Explici" (*Apply or Explain*) Statement included in its annual reports, its degree of compliance with the principles and recommendations included in B.S.E.'s C.C.G. Since January 2016, S.I.F. Transilvania implements the provisions of B.S.E.'s new Code of Corporate Governance which is applicable to all companies whose shares are admitted to trading on the regulated market. Moreover, the Company promotes the development of corporate governance while applying best practices and ensuring prudent management, in compliance with the provisions of F.S.A.'s 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*.

S.I.F. Transilvania's corporate governance complies with the companies' laws, i.e. **Law no. 31/1990 on companies**, republished in 2004, as further amended and supplemented, **Law no. 297/2004 on capital market**, as further amended and supplemented, **Law no. 24/2017 on issuers of financial instruments and market operations**, **Law no. 74/2015 on alternative investment fund managers**, **Law no. 243/2019 on regulation of alternative investment funds, amending and supplementing certain normative acts**, as amended and supplemented, the regulatory acts issued by F.S.A. and the European Union for regulating the capital market, the accounting and audit regulations, **Law no. 82/1991 on accounting, republished**, as further amended and supplemented, the new **Code of Corporate Governance of the Bucharest Stock Exchange**, the **Company's Articles of Incorporation**

and the **Collective Labour Agreement**, together with the **Internal Regulations**, concluded at Company level, hereinafter referred to collectively as the “Legal Provisions”.

S.I.F. Transilvania’s Executive Board, with the approval of the Supervisory Board, adopted this Corporate Governance Regulation (the “Regulation”) which defines the management policies, practices and structures enabling it to fulfil its main duty, i.e. to efficiently manage the Company with the shareholders’ best interests at heart.

The implementation of the Corporate Governance Regulation in the current activity of S.I.F. Transilvania provides improved protection of the rights of shareholders, harmonization of the interests of all the parties involved in the relationship with the company, increase of transparency as concerns the managerial activity by means of sustained communication with shareholders, an adequate balance between compliance and performance, establishment of transparent criteria in the procedure of electing the members of the Supervisory Board and top management.

S.I.F. Transilvania’s Corporate Governance Regulation provides a summary of the Company’s corporate governance structures, decision-making rules, procedures and processes, governance standards ensuring the application of the general principles regarding the management and efficient control of the business conducted by the Company based on its scope of business, to the benefit of the shareholders and for the purposes of boosting investor confidence. The entire set of corporate governance standards outlines the structure used to determine the Company’s objectives, the means to achieve them and to monitor performance, and is aimed at promoting fairness, transparency and responsibility at Company level.

S.I.F. Transilvania’s Corporate Governance Regulation may be consulted by visiting the Company’s website: www.siftransilvania.ro, under the section About us / Corporate Governance. The Regulation shall be reviewed and updated from time to time so as to reflect the internal and external changes and developments in the Company’s business environment.

2. CORPORATE GOVERNANCE STRUCTURES

S.I.F. Transilvania’s corporate governance structures are the General Meeting of Shareholders, the Supervisory Board and the Executive Board.

According to the Company’s Articles of Incorporation, S.I.F. Transilvania is a two-tier company managed by the Executive Board (“senior management”) under the supervision of the Supervisory Board. S.I.F. Transilvania is one of the few listed companies in Romania which adopted a two-tier management system with the aim of making a clear distinction between the management/administration activity and the supervision and control activity.

During the conduct of its **business**, S.I.F. Transilvania applies the following **general principles**:

- (i) It has established, implements and maintains an organizational structure which clearly identifies the hierarchical levels and within which functions and responsibilities are assigned in a clear and formalized manner, in line with the principle of separation and independence of key functions, and all activities are carried out based on work and decision-making procedures approved by the Company’s senior management or by the Supervisory Board, as the case may be;
- (ii) It makes sure that the relevant persons are aware of the procedures which should be followed for appropriately fulfilling their duties;

- (iii) It implements and maintains adequate internal control mechanisms to ensure compliance with decisions and procedures at all hierarchical levels;
- (iv) It implements and maintains an efficient internal reporting and information system at all relevant levels, as well as effective exchanges of information with all involved third-parties;
- (v) It maintains records in an adequate and orderly manner with respect to the activities performed and to its internal organizational structure.

2.1. General Meeting of Shareholders

The Company's supreme deliberation and decision-making body is the General Meeting of Shareholders, which is established and operates in compliance with the provisions of the valid law and of the Company's Articles of Incorporation.

S.I.F. Transilvania's general meetings of shareholders are called by the Executive Board, at its initiative or at the request of the shareholders representing, individually or collectively, at least 5% of the Company's share capital. The general meetings of shareholders are ordinary and extraordinary meetings.

In order for the deliberations of the **ordinary general meeting** to be valid, it is required that shareholders holding at least **one fourth of the total number of voting rights** be present. The resolutions of the ordinary general meetings are adopted by a majority of votes cast.

If such requirements are not met at a first call, the general meeting of shareholders, which shall gather upon a second call, may deliberate on the items on the agenda of the first meeting, irrespective of quorum, and adopt resolutions by the majority of votes cast.

In order for the deliberations of the **extraordinary general meeting** to be valid, it is required that, upon a first call, shareholders holding at least **one fourth of the total number of voting rights** be present, and upon subsequent calls, shareholders representing at least one fifth of the total voting rights. The resolutions are adopted by a majority of the votes cast by the attending or represented shareholders.

For certain types of deliberations of the general meetings of shareholders, the law sets forth majority requirements other than those indicated above.

The duties of the ordinary and extraordinary general meetings of shareholders are those set forth under Law no. 31/1990 and Law no. 24/2017, as amended and supplemented.

All shareholders registered on the **reference date** in the shareholders' registry maintained by Depozitarul Central S.A. are entitled to attend and vote in any of the general meetings. They may attend and vote in any of the Company's general meetings of shareholders, whether in person or by representative, or they may cast their vote by correspondence or by means of electronic communication, in compliance with the legal provisions and F.S.A.'s instructions issued for the enforcement of the law. The Company's Executive Board issues regulations on voting by representation, correspondence and means of electronic communication, to enable the exercise of voting rights.

The general meetings of shareholders are called, organized and conducted in strict compliance with the legal provisions, and, during such meetings, the required materials are presented and the deliberations and resolutions adopted are recorded.

2.2. Supervisory Board

The Supervisory Board has full powers to supervise and control the activity of the Executive Board, according to the law.

While fulfilling their professional duties, the members of the Supervisory Board of S.I.F. Transilvania should observe at any time during their activity the following **rules of ethics and conduct**:

Professionalism - in all activities which they carry out, they have to prove that they are professionals, to correctly apply the theoretical knowledge and practical skills, to show interest for knowledge and application of novelties in their area of activity, complying with the relevant legal provisions;

Responsibility - they shall carry out the activity in a responsible and true way, by respecting the dignity and prestige of their profession; they shall not engage in any practices that might prejudice the image and interests of the Company, and they shall be continuously preoccupied to defend the interests of S.I.F. Transilvania and its shareholders;

Confidentiality - they are bound to keep confidential the data and information obtained during negotiations, price consultations with tenderers and/or investors, information on both completed transactions and current or planned transactions, and also the confidential/privileged data, including personal data necessary to carry out the specific activity. Moreover, it is prohibited as follows:

- a) Engaging or attempting to engage in practices of abusive use of privileged information;
- b) Recommending or inducing another person to engage in practices of abusive use of privileged information, or convincing another person to engage in abusive use of privileged information;
- c) Disclosing privileged information without authorization;
- d) Engaging or attempting to engage in market manipulation.

Moral integrity - they shall adopt a behaviour in accordance to the ethical rules accepted and enforced within the company; they shall be honest in interpersonal relationships, rigorousness in fulfilling their tasks, confidentiality of information which they come in contact with. It is prohibited to request or accept gifts, money, loans or other advantages from third parties both for themselves and for others;

Political neutrality - they shall maintain in their activity the independence from any political influences, and they shall not use the name of the company to promote political interests.

The members of the Supervisory Board of S.I.F. Transilvania should observe at any time during their activity the following **prudential rules**:

- To act with honesty, competence, caution, diligence and equity while carrying out their activities;
- To act within the interest of the Company, S.I.F. Transilvania's investors and market integrity;
- To preserve and to efficiently use the resources and procedures necessary for the proper performance of their activity;
- To take all reasonable measures provided at Article 16-29 of Regulation (EU) no. 231/2013 in order to prevent conflicts of interests and, if such conflicts cannot be avoided, to identify, manage, monitor and, if applicable, to make them public so as to prevent any negative impact on the interests of S.I.F. Transilvania and investors;
- To comply with all the regulations applicable while carrying out their activity, so that to promote the interest of S.I.F. Transilvania, S.I.F. Transilvania's investors and market integrity;

- To treat all S.I.F. Transilvania's investors in an equitable manner.

2.2.1. Structure of the Supervisory Board

S.I.F. Transilvania's Supervisory Board consists of five members - private individuals - who are elected by secret ballot by the ordinary general meeting of shareholders. Members of the Supervisory Board may be Romanian or foreign citizens and they may have the capacity of shareholders of the Company.

The members of the Supervisory Board elect a President and a Vice-President, with the vote of the majority members, during the first meeting organised after the authorization of the members by the Financial Supervisory Authority (F.S.A.). The President or Vice-President may be dismissed at any time, for well-grounded reasons, with the majority vote of the members of the Board.

The members of the Supervisory Board are elected for a four-year term and may be re-elected for additional four-year terms based on the resolution of the general meeting of shareholders.

In the event of one or more vacancies within the Supervisory Board, irrespective of the reasons, the Supervisory Board shall elect, upon the recommendation of the Nomination Committee, one or more provisional member(s), whose commission shall be valid from the date of their authorization by F.S.A., until the next ordinary general meeting of shareholders.

The members of the Supervisory Board, both those elected by the general meeting of shareholders and the provisional members, are subject to endorsement by the Financial Supervisory Authority.

The members of the Supervisory Board carry out their activity based on the management agreements approved by the General Meeting of Shareholders and signed on behalf of the Company by the President of the Executive Board or by a person designated in this respect by the General Meeting of Shareholders in which the members of the Supervisory Board are elected, based on the Board's Organization and Operation Regulations and the Company's Articles of Incorporation.

The members of the Supervisory Board are non-executive members, i.e. they cannot act at the same time as members of the Executive Board. Moreover, they cannot be members of the Supervisory Board and Company employees at the same.

At least two members of the Supervisory Board should be independent members, a status which is assessed based on the independence criteria set forth under Law no. 31/1990 on trading companies, and B.S.E.'s Code of Corporate Governance, namely:

- i. They are not the General Manager/Chief Executive Officer of the company or of a company controlled by it, and they have not held such function within the last five (5) years;
- ii. They are not employee of the company or of a company controlled by it, and they have not held such function within the last five (5) years;
- iii. They do not receive and have not received additional remuneration or other advantages from the company or a company controlled by it, except for those corresponding to the capacity of non-executive manager;
- iv. They are not and they do not represent any strategic shareholder with holdings equal to or more than 10%;



- v. They do not have and did not have in the previous year a business or professional relationship with the company or with a company controlled by it, whether directly or in the capacity of client, partner, shareholder, member of the Board/Director, general manager/chief executive officer or employee of a company if, based on their substantial character, such relationship might affect their objectivity;
- vi. They are not and have not been within the last three years the external or internal auditor or partner or employee or the current external financial auditor or internal auditor of the company or of a company controlled by it;
- vii. They are not the general manager/chief executive officer of another company where another general manager/chief executive officer of the company is non-executive manager;
- viii. They were not non-executive manager of the company for more than three commissions;
- ix. They do not have family relations with a person in the circumstances provided at section i. and iv. above.

Each independent member of the Supervisory Board should give a statement upon their nomination for election or re-election, as well as upon the occurrence of any change in their status, indicating the matters based on which it is deemed that he/she is independent in terms of his/her character and judgement and based on the abovementioned criteria.

2.2.2. Nomination of Supervisory Board members

The provisional members of the Supervisory Board are nominated by Nomination Committee in compliance with the Organization and Operation Regulations of such committee.

The candidates to the position of member of the Supervisory Board, subject to election by the general meeting of shareholders, are nominated by the acting members of the Board and/or by the shareholders upon the recommendation of the Nomination Committee and/or by the shareholders.

The members of the Executive Board shall meet, at the time of their nomination and during their entire term of office, the general requirements provided by Law no. 31/1990, as well as those referring to professional competence, relevant experience, integrity, good repute and governance, as defined under the applicable F.S.A. regulations and included in the Procedure regarding the assessment of the prior and continuous adequacy of the members of management structures and persons holding key-functions within S.I.F. Transilvania.

The members of the Supervisory Board shall report on an annual basis to the Audit Committee their main functions and business activities, including their main duties in non-profit organizations, as well as any relevant corporate bodies within which the members of the Supervisory Board are themselves or those represented by them are significant shareholders. The Audit Committee shall make sure that there were no conflicts of interests, and in case of identifying such situations, that they were properly addressed.

2.2.3. Duties of the Supervisory Board

The Supervisory Board has the following **main duties**:

- 1) To elect and to dismiss the Board's President and Vice-President;
- 2) To appoint and to dismiss the President and the other members of the Executive Board, to determine the powers and duties of the members of the Executive Board, the terms and conditions of the mandate of each member of the Executive Board, including relevant criteria for



- monitoring the performance of the Executive Board and of the Company, and to periodically assess the implementation and fulfilment of such criteria;
- 3) To permanently monitor the fulfilment by the members of the Supervisory Board, members of the Executive Board, compliance officer, risk manager and internal auditor, of the assessment criteria based on which they were approved by the Financial Supervisory Authority and notified to F.S.A, respectively, during their entire term of office, in compliance with the applicable F.S.A. regulations and the Procedure regarding the assessment of the adequacy of the members of management structures and of the persons holding key-functions within S.I.F. Transilvania;
 - 4) To check whether the Company management activities carried out by the members of the Executive Board comply with the law, the Articles of Incorporation and the resolutions of the General Meeting of Shareholders;
 - 5) To approve and revise the general business strategy of the Company;
 - 6) To endorse the annual financial statements of the Company after reviewing the report of the Executive Board;
 - 7) To approve the annual plan of the internal auditor and compliance officer;
 - 8) To approve the policies and procedures which the Supervisory Board is responsible for in compliance with the legal provisions;
 - 9) It may decide on the establishment of advisory committees consisting of at least two members, according to the Resolution of the Supervisory Board, whose main purpose is the conduct of research / investigations / analyses and the delivery of recommendations to the Supervisory Board;
 - 10) To endorse, upon the audit committee's opinion, any transaction carried out by the Company with any of the companies which it has close relationships with, whose value is of at least 5% of the Company's net assets, according to the latest financial report;
 - 11) To endorse the execution of any corporate transactions which bind the company, with a value exceeding the equivalent in Lei of 5,000,000 Euro / transaction, upon the request of the Executive Board; Operation refers to transactions of the same type, namely sale and purchase transactions carried out with the same financial instrument within a financial reporting period. In case of successive sale-purchase operations on the same financial instrument, the 5 million EUR limit refers to the net balance (exposure) per instrument as a result of such successive transactions. The Executive Board shall be bound to inform with regard to the result of the trading activity within the periodical reporting to the members of the Supervisory Board;
 - 12) To analyse and approve the quarterly risk management reports, upon their approval by the Executive Board;
 - 13) To report, at least once a year, to the General Meeting of Shareholders on the supervisory activity conducted;
 - 14) Upon being notified by the compliance officer on any breaches of the legal requirements applicable to the capital market, including of the Company's internal procedures, which were identified during its activity, the Supervisory Board shall be bound to notify F.S.A. and the capital market institutions as soon as possible with respect to these circumstances and the actions taken;
 - 15) To approve, together with the Executive Board, the risk management policy, strategy and procedures;
 - 16) To analyse the adequacy, efficiency and accuracy of the risk management system for the purposes of efficiently managing the Company's assets, as well as the management of related

risks to which the Company is exposed, and to adopt the actions required in view of developing a strong risk management culture;

- 17) To approve the Company's specific risk profile parameters, as well as the procedure for identifying, assessing, monitoring, handling and reporting any major risks to which the Company is exposed;
- 18) To conduct a biannual assessment, together with the Executive Board, of the business continuity and disaster recovery plans;
- 19) To fulfil any other duties falling within its competence, as set forth under the law and the Articles of Incorporation.

The Supervisory Board has prerogatives set forth under the law and Articles of Incorporation, and it shall act in accordance with the Board's Organization and Operation Regulation. In this respect, the Board has the following **main responsibilities**:

- 1) To supervise and it is responsible for the Company's strategic management and the fulfilment of the objectives set;
- 2) To supervise the enforcement of the corporate governance principles;
- 3) To endorse the business plan of the Company;
- 4) To assess the financial position of the Company;
- 5) To establish the relevant criteria for monitoring the results of the activity of the Executive Board and of the Company as a whole, and to evaluate, on an annual basis, the way in which they are enforced;
- 6) To ensure that an adequate framework is in place to determine how the specific laws on reporting to the F.S.A. are applied and to check the information delivered to F.S.A. regarding certain actions of the Company;
- 7) To define, together with the financial auditor, a formal and transparent framework so as to enable it to receive accurate and complete information in a timely manner with respect to the way in which the financial reporting principles and practices, including the prudential reporting principles and practices, are applied;
- 8) To analyse the adequacy, efficiency and accuracy of the risk management system for the purposes of efficiently managing the Company's assets, as well as the management of related risks which the Company is exposed to;
- 9) To conduct a biannual assessment of the efficiency of the risk management system, based on the risk report, and according to the specific internal policies and procedures;
- 10) To prepare and revise the Company's remuneration policy in a manner which is consistent with the business strategy and long-term objectives and interests and which includes actions for preventing conflicts of interests;
- 11) To ensure that adequate internal notice procedures for reporting actual and material suspicions of employees with respect to the management of the activity are implemented at Company level according to the Procedure for warning and communication of suspicions of employees regarding the management of the company's activity;
- 12) To approve the Company's risk appetite and tolerance limits, as well as the procedure for identifying, assessing, monitoring, handling and reporting any major risks which the Company is or might be exposed to;
- 13) To analyse the adequacy, efficiency and update of the internal control system so that to ensure its independence from the operational organisational and support structures within the Company which it controls and monitors;

- 14) To ensure that at the level of the Company there is a communication strategy which complies with the applicable legal provisions;
- 15) To ensure the development of ethical and professional standards in order to ensure a professional and responsible behaviour so that to prevent the occurrence of the conflicts of interests and to manage such conflicts. To identify and manage the conflicts of interests/potential conflicts of interests which occur at the level of the Supervisory Board.
- 16) To ensure the implementation by the Executive Board of policies prohibiting or, where applicable, appropriately limiting the activities, relationships or circumstances which may reduce the quality of the management framework (conflicts of interests, offering preferential treatment to persons with whom they have special relationships);
- 17) To ensure compliance with the requirements on outsourcing/delegation of operational activities or functions, both prior and during the entire period of outsourcing / delegation;
- 18) The Board members refrain from making decisions in relation to which they are in the situation of a conflict of interests, incompatibility or other situations provided by the law;
- 19) To monitor the transactions entered into with persons with whom the Company has special relations;
- 20) The supervisory activity shall be carried out by taking all actions required and useful for the fulfilment of the Company's scope of business, save for those reserved by law for the general meeting of shareholders, in compliance with the provisions of the Company's Articles of incorporation; the permanent control is exercised through, such as, but no limited to: review of the Executive Board's reports, request for additional information and reports, etc.;
- 21) To analyse and endorse all resolutions within its competence to be submitted for approval to the General Meeting of Shareholders, where applicable;
- 22) To prepare, approve and revise the Regulation of the Supervisory Board, and the organisation and operating rules of the Committees established by the Supervisory Board;
- 23) To revise and approve the Organisation and Operating Rules of the Executive Board prepared and submitted for approval by the latter;
- 24) To decide on the initiation of insolvency proceedings with respect to the Company upon its own initiative or based on the Executive Board's report prepared for this purpose, and to supervise the conduct of such proceedings, as applicable;
- 25) To carry out, on an annual basis, a self-assessment of its activity and the Supervisory Board Advisory Committees' activity based on specific procedures;
- 26) To exercise their mandate with loyalty, within the interest of the Company; not to disclose to third parties the confidential/privileged information and business secrets of the Company which they have access to in their capacity of members of the Supervisory Board, according to the legal provisions and clauses of the management contract;
- 27) Each Board member should provide the Board with information on any relationship with any shareholder that holds, directly or indirectly, shares representing more than 5% of all voting rights. This obligation refers to any type of relationship which may affect the member's position as to the matters subject to approvals issued by the Board;

2.2.4. Remuneration of Supervisory Board members

In compliance with the provisions of the Articles of Incorporation and the Company's remuneration policy, the remuneration of the members of the Supervisory Board is as follows:

Fixed remuneration: for exercising their supervisory duties, the members of the Supervisory Board receive a monthly fixed remuneration defined under the Company's Articles of Incorporation as consisting of two average gross salaries at Company level for each Board member, two and a half average gross salaries at Company level for the vice-president and three average gross salaries at Company level for the President.

Additional remuneration: the members of the Supervisory Board who are a part of the advisory committees of the Supervisory Board shall receive an additional remuneration consisting of 10% of their monthly individual remuneration, irrespective of the number of the committees which they are part of.

Variable remuneration: The variable remuneration refers to additional payments or indemnities granted depending on performance. The members of the Executive Board may benefit from an annual variable remuneration with the approval of S.I.F. Transilvania's General Meeting of Shareholders, depending on their compliance with qualitative criteria, in accordance with the remuneration policy of the Company and the Articles of Incorporation.

The members of the Supervisory Board are entitled to receive variable remuneration in the form of shares issued by S.I.F. Transilvania, within Stock Option Plan (S.O.P.) programs approved by the shareholders of the company on annual basis, by complying with the valid legal provisions on variable remuneration within A.I.F.M., and which represents minimum 50% of the variable remuneration that is granted.

2.2.5. Meetings of the Supervisory Board

The Supervisory Board assembles in ordinary and extraordinary meetings. The ordinary and extraordinary meetings may be held by summoning the members of the Supervisory Board at the head office of the company or in another location indicated in the notice to attend. The meetings may also take place via telephone conferences/videoconferences or by electronic mail (email).

The **ordinary meetings** are held at least once every three months and are summoned by the President or Vice-President of the Supervisory Board, if the President is unavailable/absent. The notice to attend the meeting shall be signed by the President or Vice-President, as the case may be.

The notice to attend regarding the ordinary meetings contains the proposed agenda and the afferent documentation, place of the meeting, date and time of the meeting and any other additional documentation necessary to support the agenda. The summons for the ordinary meetings shall be sent in writing via electronic mail, usually three calendar days prior to the date proposed for the periodic meeting of the Supervisory Board (numbered as of the date of sending the notice to attend, inclusively, until the date of the meeting, exclusively).

The Supervisory Board may be summoned in extraordinary meeting also upon the justified request of at least two of its members or upon the request of the Executive Board any time such meeting is necessary. The notice to attend prepared by at least two members of the Board or by the Executive Board shall contain the date, time and location of the meeting. The agenda shall be proposed by the authors of the notice to attend.

The term during which the meeting should be summoned by the President of the Supervisory Board is of maximum three days as of the date of recording the notice with the company, and the Board shall meet within maximum 15 days as of summoning.



The agenda and all the afferent documents necessary for the extraordinary meetings of the Supervisory Board shall be sent to each participant by the Secretary of the Board, in writing, via fax or electronic mail, or by other means of communication permitted by the law, by the secretariat of the Supervisory Board, usually three calendar days prior to the date proposed for the meeting (numbered as of the date of providing the Notice to Attend/summons, inclusively, until the date of the meeting, exclusively).

In case it is required by the urgent nature of the situation (solving unforeseen situations, replies until deadlines to requests from authorities, other emergency situations etc.), summoning urgent extraordinary meetings and/or submission of afferent materials may take place within shorter terms, provided that the Notice to Attend indicates the urgent character and its reasoning. In such case, the meetings are considered properly summoned, and the decisions are considered valid.

The extraordinary meetings of the Supervisory Board may take place at any time, without complying with the abovementioned requirements, if all the members of the Board attend and give their unanimous consent in this respect and for the afferent agenda, the materials being provided and reviewed during the meeting.

The meetings of the Supervisory Board shall be presided and conducted by the President or, in case they are unavailable, by the Vice-President or another member of the Board appointed by the members of the Supervisory Board attending the meeting.

A member of the Supervisory Board may represent in the Board meetings only one absent member based on a special power of attorney valid only for a certain meeting of the Supervisory Board. The power of attorney is valid and causes effects provided that it is sent to the Company and to the other members of the Board by the Secretariat of the Board at least two business days prior to the date of the meeting.

The Supervisory Board is validly gathered if at least the simple majority of acting members of the Supervisory Board out of the total members provided by the Articles of Incorporation attend or are represented under proxy.

The resolutions of the Supervisory Board shall be made with the vote cast by the majority of the attending or represented members. In case of a tie, the President of the Supervisory Board shall always have the casting vote.

The minutes of the meetings shall be prepared by the Secretariat of the Board or by the secretary appointed during the meeting, for each meeting of the Board, in Romanian language, within maximum 3 business days as of the meeting (numbered as of the date of the meeting, exclusively). The minutes shall contain the list of attending members, invitees, secretariat of the meeting, agenda, summary of the debates, nominal votes, resolutions adopted for each subject on the agenda and the separately expressed viewpoints concerning each subject on the agenda.

2.2.6. Committees of the Supervisory Board

In order to support its activity, the Supervisory Board established a number of advisory committees, namely the Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee, whose activity is carried out in compliance with the legal provisions and their Organization and Operating Rules. The Advisory Committees contain only members of the Supervisory Board.

2.2.7. Audit Committee

The Audit Committee consists of at least two members of the Supervisory Board, most of the members being independent.

The members of the Audit Committee are elected by the Supervisory Board. One of the members of the Audit Committee, with training and experience in the financial, accounting and audit fields, shall be appointed as the President of the Audit Committee. The President of the Audit Committee should be an independent member.

The members of the Audit Committee should have basic financial and accounting knowledge and at least one member of the Audit Committee should have experience with applying accounting principles or financial auditing.

Any modification of the structure of the Audit Committee shall be notified to F.S.A. within the legal term which is calculated as of the date of modifying its structure.

The Audit Committee shall provide advice and support to the Supervisory Board in order for the latter to fulfil its tasks concerning internal control, compliance and audit and efficiency of the risk management system; it shall review and make proposals/recommendations regarding the specific issues according to the provisions of the valid legislation, Articles of Incorporation of the Company and Corporate Governance Code, and also upon the express request of the Supervisory Board.

The Audit Committee has the following **main duties**:

- i. To monitor the statutory audit of the financial statements prepared by the Company in compliance with the applicable legal provisions, as well as any potential reports prepared upon the request of the shareholders;
- ii. To maintain the Company's relationship with the financial auditor, to ensure the conclusion and proper enforcement of the agreement concluded therewith, based on G.M.S. Resolution;
- iii. It is responsible for the selection of the candidates to the statutory Auditor position. The recommendation shall be substantiated and shall provide as options at least two auditors or two firms for the audit mission, and the Audit Committee indicates a properly justified preference for one of them to the Supervisory Board. Such recommendation, undertaken by the Supervisory Board, shall be provided to the shareholders prior to vote casting;
- iv. To monitor the efficiency of the internal control (internal audit, compliance and risk management system) adopted by the Company;
- v. To select the internal auditor and to examine the quality of the reports prepared by it in terms of compliance with the statutory standards and generally accepted internal audit standards, and to assure the Supervisory Board that the reports are consistent with the audit plan approved by the Supervisory Board for each financial year;
- vi. To examine any significant matters outlined in audit reports and the proposals for remedying any potential deficiencies, especially with respect to the Company's management, internal control and financial reporting process;
- vii. To review whether the accounting policies adopted by the Company comply with the applicable accounting policies and to assure the Supervisory Board that such policies enable a true and accurate presentation of the transactions carried out by the Company based on its scope of business;

- viii. Any other matters for which the Audit Committee is responsible according to the law, the Company's Articles of incorporation and Code of Corporate Governance or upon the express request of the Supervisory Board.

The Audit Committee has the following **main responsibilities**:

- i. To perform an annual evaluation of the internal control system, efficiency and complexity of the internal audit function, compliance and risk management system, degree of adequacy of the risk managed and internal control report;
- ii. To evaluate the Reports of the internal auditor in terms of compliance with the statutory standards and generally accepted internal audit standards;
- iii. To evaluate any conflicts of interests with respect to the transactions of the Company and of its subsidiaries with the affiliated parties;
- iv. To evaluate and recommend measures in order to manage potential conflicts of interests which occur at the level of the Supervisory Board;
- v. To evaluate the fulfilment by the internal auditor of the specific criteria set forth under the capital market regulations, in view of its notification to F.S.A., and to monitor the fulfilment of such criteria during the exercise of the internal audit function, in compliance with F.S.A.'s regulations and the Procedure regarding the assessment of the adequacy of the members of management structures and the persons holding key-functions within S.I.F. Transilvania;
- vi. To prepare a regular (annual) report on the activity conducted according to its duties, report which shall also include the recommendations made and addressed to the Supervisory Board with respect to the internal control, internal audit and financial audit. The annual report shall be sent to F.S.A. within 6 months as of the end of the financial year, and, any time necessary, reports which are subject to the approval/information of the Supervisory Board.

The Audit Committee shall meet any time necessary, but at least quarterly, in order to review the audit report and/or the opinion of the financial auditor with regard to the essential aspects which result from the financial audit, and also with regard to the financial reporting process, and it shall recommend the necessary measures.

The meetings of the Audit Committee shall be summoned by the President of the Audit Committee.

The meetings of the Audit Committee shall be organised prior to debating the issues within the competence of this Committee in the meeting of the Supervisory Board in order to allow timely preparation of the reports for the Supervisory Board. The Audit Committee shall prepare, on quarterly basis, reports and recommendations for the Supervisory Board.

The Audit Committee may also meet via videoconference or teleconference, if the President of the Audit Committee decides in this respect.

The quorum condition is considered complied with and the Audit Committee validly meets when at least two members attend. Participation of one member in a meeting via video or audio means shall be considered valid for the purpose of determining the quorum.

The Audit Committee shall mutually draw-up recommendations with the Supervisory Board. If no agreement is reached, the recommendations shall be adopted with a simple majority of the votes of the attending members. In case of a tie, the casting vote shall belong to the President of the Audit Committee. In case the President of the Audit Committee does not attend the vote casting and it is a tie, the recommendation shall be considered dismissed.



2.2.7.1. Risk Committee

The Risk Committee consists of at least two members of the Supervisory Board appointed by it.

One of the members of the Risk Committee is appointed by the Supervisory Board as President of the Risk Committee. Most members of the Risk Committee shall be independent members.

The Risk Committee revises, reports to and provides advice and support to the Supervisory Board for the purpose of complying with its tasks and responsibilities, in accordance with the provisions of the valid laws, Articles of Incorporation of the Company and Corporate Governance Code. Moreover, upon the express request of the Supervisory Board, it may also fulfil other tasks.

The Risk Committee's **main duties** are:

- i. To analyse and file recommendations regarding the implementation of the main internal procedures, internal rules, investment / disinvestment and portfolio risk management policies and strategies;
- ii. To analyse and file recommendations to the Board regarding the operations whose value exceeds the competence level of the Executive Board;
- iii. To conduct a regular assessment of the risk management system, based on the quarterly risk assessment reports, and to make proposals for its improvement;
- iv. Any other matters for which the Audit Committee is responsible according to the law, the Company's articles of incorporation and Code of Corporate Governance or upon the express request of the Supervisory Board.

The Risk Committee has the following **main responsibilities**:

- i. To make recommendations to the Supervisory Board as concerns its responsibility to approve the Company's risk appetite and risk tolerance limits;
- ii. To monitor the risk management activity carried out by the Company and to make recommendations to improve it;
- iii. To inform the Supervisory Board on a regular basis with respect to the status of major risks, including to the Company's actions in view of managing such risks.

The Risk Committee shall submit reports and recommendations to the Supervisory Board at any time necessary, in order to be subject to approval/information.

The Risk Committee shall meet at any time necessary. The meetings of the Risk Committee shall be summoned by the President of the Risk Committee or upon the request of two members of the Risk Committee.

The meetings of the Risk Committee shall be organised prior to debating the issues within the competence of this Committee in the meeting of the Supervisory Board in order to allow timely preparation of the reports for the Supervisory Board. The Risk Committee shall prepare, on quarterly basis, reports and recommendations for the Supervisory Board and it shall usually submit them before the meetings or, as the case may be, even during such meetings.

The Risk Committee may also meet via videoconference or teleconference, if the President of the Risk Committee decides in this respect. Moreover, the President may request to the Risk Committee to adopt recommendations regarding certain documents by means of email, fax or letter exchange.



The quorum condition is considered complied with and the Risk Committee validly meets when at least two members attend. Participation of one member in a meeting via video or audio means shall be considered valid for the purpose of determining the quorum.

The Risk Committee shall mutually draw-up recommendations. If no agreement is reached, the recommendations shall be adopted with a simple majority of the votes of the attending members. In case of a tie, the casting vote shall belong to the President of the Risk Committee. In case the President of the Risk Committee does not attend the vote casting and it is a tie, the recommendation shall be considered dismissed.

2.2.7.2. Remuneration Committee

The Remuneration Committee consists of at least two members of the Supervisory Board. One of the members of the Remuneration Committee is appointed by the Supervisory Board as President of the Committee.

At least one member of the Remuneration Committee should be an independent member of the Supervisory Board.

The Remuneration Committee provides advice and support to the Supervisory Board for the purpose of complying with its tasks and responsibilities with regard to the remuneration policy and any other prerogatives established by the Supervisory Board, in accordance with the provisions of the valid laws, Articles of Incorporation of the Company and Corporate Governance Code.

The Remuneration Committee's **main duties** are:

- i. To revise, report, advise, prepare the decisions regarding remuneration, assist the Supervisory Board in fulfilling their tasks and responsibilities regarding the remuneration policy, and to monitor/supervise the remunerations of the members of the Executive Board;
- ii. To evaluate, on annual basis, the performances of the members of the Executive Board and of the persons who occupy key positions, and to draw-up proposals for the Supervisory Board with regard to the variable remuneration of each member of the Executive Board or of the key persons. In order to support the decision to grant a variable remuneration, the Committee shall issue an opinion based on a substantiated analysis.
- iii. To examine and make proposals to the Supervisory Board with respect to the Company's total annual variable remuneration package, according to the Remuneration Policy;
- iv. To examine and make proposals to the Supervisory Board (and, by means of the Board, to the General Meeting of Shareholders, where applicable) with respect to share redemption programs;
- v. To propose performance objectives for granting cash remunerations which are given based on such objectives, or to propose objectives for granting shares within Stock Option Plan (S.O.P.) programs;
- vi. To make regular proposals concerning the adjustment of remuneration and other remuneration elements, including compensation payments and pension plans;
- vii. To make proposals to the Supervisory Board with respect to any remuneration related policy;
- viii. To monitor the implementation of the remuneration policy within the Company;
- ix. To revise, provide advice, prepare the decisions regarding the remuneration;
- x. To assist the Supervisory Board in complying with its tasks and responsibilities regarding the remuneration policy;
- xi. To conduct investigations and to issue recommendations to the Board, upon its request;

- xii. To review and establish the basic fixed remuneration of the Executive Board of the regulated entity in a manner which is consistent with the business strategy and long-term objectives and interests, and which includes actions for preventing conflicts of interests;
- xiii. To monitor and supervise the variable remunerations of the Executive Board and persons occupying key positions, according to the applicable regulations;
- xiv. Any other matters which the Remuneration Committee is responsible for according to the law, the Company's Articles of Incorporation and Code of Corporate Governance or upon the express request of the Supervisory Board.

The Remuneration Committee shall meet at any time necessary.

The meetings of the Remuneration Committee shall be summoned by the President of the Remuneration Committee. The Remuneration Committee shall meet, if two members of the Committee request to summon the meeting.

The quorum condition is considered complied with and the Remuneration Committee validly meets when at least two members attend.

The Remuneration Committee may also meet via videoconference or teleconference, if the President of the Remuneration Committee decides in this respect. Moreover, the President may request to the Remuneration Committee to adopt recommendations regarding certain documents by means of email, fax or letter exchange.

The meetings of the Remuneration Committee shall be organised prior to debating the issues within the competence of this Committee and on the agenda of the Remuneration Committee in the meeting of the Supervisory Board in order to allow timely preparation of the reports for the Supervisory Board. The Remuneration Committee shall prepare, on quarterly basis, reports and recommendations for the Supervisory Board and it shall usually submit them before the meetings or, as the case may be, even during such meetings.

The Remuneration Committee shall mutually draw-up recommendations. If no agreement is reached, the recommendations shall be adopted with a simple majority of the votes of the attending members. In case of a tie, the casting vote shall belong to the President of the Remuneration Committee. In case the President of the Remuneration Committee does not attend the vote casting and it is a tie, the recommendation shall be considered dismissed.

2.2.7.3. Nomination Committee¹

The Nomination Committee consists of at least two members of the Supervisory Board. One of the members of the Nomination Committee is appointed by the Supervisory Board as President of the Committee. The majority of the members of the Remuneration Committee should be independent members of the Supervisory Board.

The main mission of the Nomination Committee is to assess, select and nominate the members of the management structure and of the persons holding key functions within the Company, and to

¹ At the date of drawing-up/approving this Regulation, a Nomination and Remuneration Committee operates within the company, and its duties account for the aggregate duties distinctly provided in this document. This Committee will be segregated after the authorization by the FSA of the Articles of Incorporation approved during the Extraordinary General Meeting of Shareholders of 04.12.2020. The structure of the Nomination Committee and Remuneration Committee shall be subject to the agenda of the first meeting of the Supervisory Board to be held after the authorization of the Articles of Incorporation.

assist the Supervisory Board in fulfilling its tasks and responsibilities, in accordance with the provisions of the valid laws, Articles of Incorporation of the Company and Corporate Governance Code. Moreover, upon the express request of the Supervisory Board, it may also fulfil other tasks.

The Nomination Committee's **main duties** are:

- i. To prepare the policy for the assessment and selection of candidates to the Supervisory Board, including the criteria for assessing their independence, for the appointment of provisional members of the Supervisory Board and for the appointment of members of the Executive Board and the persons holding key functions, so as to ensure compliance with the applicable legal regulations and the provisions of the Company's Articles of Incorporation, policy which shall be subject to the Supervisory Board's approval;
- ii. To adequately apply and deploy the approved selection and assessment policy;
- iii. To make recommendations concerning the nomination of candidates to the Supervisory Board, provisional members of the Supervisory Board and members of the Executive Board and the persons holding key functions, in compliance with the applicable laws;
- iv. Any other duties for which the Nomination Committee is responsible according to the applicable legal provisions, the Code of Corporate Governance or upon the express request of the Supervisory Board.

The Nomination Committee has the following **main responsibilities**:

- i. To nominate the members of the Executive Board;
- ii. To prepare and recommend guidelines for the selection of provisional members of the Supervisory Board, including the criteria for assessing their independence;
- iii. To prepare, on regular basis, the assessment of the performance of the members of the Supervisory Board and Executive Board and of the persons holding key functions by using a self-assessment/assessment process according to the provisions of F.S.A. Regulation no. 1/2019;
- iv. To assess, at least once a year, the independence of the members of the Supervisory Board;
- v. To evaluate the fulfilment by the members of the Supervisory Board, Executive Board, provisional members of the Supervisory Board and key function holders of the specific criteria set forth under the capital market regulations, in view of their approval by F.S.A., and to monitor the fulfilment of such criteria during the exercise of their function, in compliance with F.S.A. regulations and the Procedure regarding the assessment of prior and continuous adequacy of the members of management structures and the persons holding key-functions within S.I.F. Transilvania;
- vi. To submit reports, at any time necessary, to the Supervisory Board in order to be subject to approval/information.

2.3. Executive Board

The members of the Executive Board ensure the effective management of the Company and for this purpose they take all actions and do all things necessary and useful in view of achieving the Company's scope of business, with the exception of those reserved by law for the Supervisory Board and the General Meeting of Shareholders.

The Executive Board members should meet both the requirements set forth under the law and those referring to professional competence, relevant experience, integrity, good reputation and governance, as defined under the applicable F.S.A. regulations and included in the Procedure

regarding the assessment of prior and continuous adequacy of the members of management structures and the persons holding key-functions within S.I.F. Transilvania, according to the provisions of F.S.A. Regulation no. 1/2019.

While complying with their professional duties, the members of the Executive Board should observe at any time during their activity the rules of ethics and conduct, and also the prudential rules as they are set forth in Chapter 2.2 of this Regulation.

2.3.1. Executive Board Members

The Executive Board of S.I.F. Transilvania consists of three members appointed by the Supervisory Board, on the recommendation of the Nomination Committee. As further established by the Supervisory Board, one of such members shall be appointed as Executive President, who shall also act as a Chief Executive Officer, and one as executive Vice-president, substitute of the president, who shall also act as a Deputy Chief Executive Officer. The members of the Executive Board are subject to the approval of the Financial Supervisory Authority prior to fulfilling their duties.

The members of the Executive Board are appointed for a 4-year term and may be reappointed for further 4-year terms.

The members of the Executive Board may be dismissed at any time by the Supervisory Board. If such dismissal occurs in the absence of justified grounds, they are entitled to damages established based on the mandate contract concluded by them with the Company.

The activity carried out by the members of the Executive Board, as well as the existing relationship between them and the Company, are governed by an mandate contract concluded on behalf of the Company by a member of the Supervisory Board appointed for this purpose by the Supervisory Board.

In view of enforcing the Executive Board's decisions and achieving the specific goals set, the members of the Executive Board coordinate the activity of the Company's departments as follows:

- Executive President/Chief executive Officer - coordinates the activity of the following organisational structures: Legal Department, Information Technology Division, Administrative Division, Analysis and Strategy Division and Corporate Governance Division;
- The Executive Vice-president/Deputy Chief Executive Officer - coordinates the activity of the Financial Department and Transactions Division;
- Member of the Executive Board/Manager - coordinates the activity of the Portfolio Management Department.

In addition, the Valuation Department reports directly to the Executive Board.

In relations with third parties, the Company is represented by the President of the Executive Board or by other member of the Executive Board appointed for this purpose and is bound by the signature of two persons (two Executive Board members).

2.3.2. Nomination of Executive Board members

The Executive Board members are nominated by the Nomination Committee of the Supervisory Board, in compliance with the Committee's Organization and Operation Regulation.

The Executive Board members should meet, at the time of their nomination and during their entire term of office, the legal requirements, as well as those referring to professional competence,

relevant experience, integrity, good repute and governance, as defined under the applicable F.S.A. regulations and included in the Procedure regarding the assessment of prior and continuous adequacy of the members of management structures and persons holding key-functions within S.I.F. Transilvania.

2.3.3. Executive Board's duties

The Executive Board's duties include, but are not limited to, the following:

- ✓ It is responsible for the proper management and adequate conduct of the Company's business, including for the implementation of policies and achievement of objectives;
- ✓ It is responsible for the implementation of the general investment policy;
- ✓ It supervises the approval of the investment strategies;
- ✓ It is responsible for ensuring that assessment policies and procedures are in place and applied in compliance with the law;
- ✓ It is responsible for ensuring that S.I.F. Transilvania has a permanent and efficient compliance control function;
- ✓ It makes sure and checks on a regular basis whether the general investment policy, the investment strategies and risk limits are duly and efficiently applied and complied with;
- ✓ It approves and regularly examines the adequacy of the internal procedures concerning the adoption of investment decisions in order to make sure that such decisions are in line with the approved investment strategies;
- ✓ It examines and approves on an annual basis the risk management policy and its implementing actions, procedures and methods, including the risk limit system; the same shall also be further approved by the Supervisory Board;
- ✓ It evaluates, monitors and, at least once a year, reviews the risk management systems in compliance with the provisions of Regulation (EU) No. 231/2013;
- ✓ It represents the Company in its relations with third parties;
- ✓ It ensures the current performance of the Company's day-to-day business for the purpose of implementing the resolutions adopted by the General Meeting of Shareholders and/or the Supervisory Board;
- ✓ It submits to the General Meeting of Shareholders for approval the annual report on the Company's activity, the financial statements for the previous year, as well as the Draft Business Plan and the Draft Revenue and Expenditure Budget; for this purpose, it submits to the Supervisory Board the Annual Financial Statements and its Annual Report for approval;
- ✓ It provides the internal auditor and the statutory auditor with the Annual Financial Statements for the previous financial year, accompanied by the Report and supporting documents;
- ✓ It makes all the efforts to achieve the indicators provided for by the Company's Revenue and Expenditure Budget;
- ✓ It manages the Company's assets and is liable for such management toward the General Meeting of Shareholders and the Supervisory Board;
- ✓ It defines, in compliance with the legal regulations, the method of calculating the depreciation of the Company's tangible and intangible assets;
- ✓ It provides the Supervisory Board with qualitative and quantitative information in a timely manner, at the Board's request or at its own initiative, upon the effective and efficient fulfilment of its duties;



- ✓ It delivers to the Supervisory Board the written report on the Company's management, on a quarterly basis or at any time as required by the Supervisory Board, including financial information and, upon the Board's request, any data and information regarding the Company's business;
- ✓ It defines the Company's development strategy and policies, including the organizational chart, it approves the work policies and procedures, number and type of job positions and the Internal Regulations;
- ✓ It approves the execution of any transactions which are binding upon the Company and whose value does not exceed the equivalent in Lei of 5,000,000 Euro / transaction. For transactions exceeding the threshold of 5,000,000 Euro, it is required to obtain the Supervisory Board's endorsement, including by electronic vote;
- ✓ It fulfils any other duties in relation to the Company's day-to-day business, in compliance with the Company's business principles, which are not the responsibility of the General Meeting of Shareholders and of the Supervisory Board;
- ✓ It calls the General Meeting of Shareholders whenever necessary or upon the request of the persons entitled;
- ✓ It is responsible for implementing the remuneration policies and practices and for preventing and managing any relevant risks which may be generated by such remuneration policies and practices;
- ✓ It ensures and is liable for the existence of the records required by law and their accurate keeping;
- ✓ It is liable for the completeness and accuracy of reports and other notifications regarding the company's business and financial position, according to the applicable relevant laws;
- ✓ It permanently monitors the fulfilment by the compliance officer and the risk management department staff of the assessment criteria based on which they were approved by F.S.A., during the entire time of their employment, in compliance with the applicable F.S.A. regulations and the Procedure regarding the assessment of prior and continuous adequacy of the members of management structures and persons holding key-functions within S.I.F. Transilvania;
- ✓ It is responsible for complying with the professional and ethical standards in order to prevent conflicts of interests, acting with due care and in an honourable manner;
- ✓ It is responsible for eliminating or mitigating the effects of any conflicts of interests;
- ✓ It conducts a biannual assessment, together with the Supervisory Board, of the business continuity and disaster recovery plans.

2.3.4. Remuneration of Executive Board Members

In compliance with the provisions of the Articles of Incorporation and the Company's remuneration policy subject to the approval of the shareholders of the Company, the remuneration structure of the members of the Executive Board is as follows:

- ✓ Fixed remuneration: It is a monthly remuneration which rewards the activity carried out by the members of the Executive Board while fulfilling the specific duties related to the management and coordination of the Company's business. It falls within the limits provided in the Articles of Incorporation: the limits of the monthly remuneration for the President of the Executive Board



are set between seven and nine gross average salaries per company, the limits of the monthly remuneration for the Vice-President of the Executive Board are set between four and six gross average salaries per company, and for the Member of the Executive Board, the monthly remuneration limits are set between three and five gross average salaries per company. The actual employment levels are established by the Supervisory Board.

Variable remuneration: The variable remuneration refers to additional payments or indemnities granted depending on performance. The members of the Executive Board may benefit from an annual variable remuneration with the approval of S.I.F. Transilvania's General Meeting of Shareholders, depending on their compliance with qualitative and quantitative criteria, in accordance with the remuneration policy of the Company and the Articles of Incorporation.

The members of the Executive Board are entitled to receive variable remuneration in the form of shares issued by S.I.F. Transilvania, within Stock Option Plan (S.O.P.) programs approved by the shareholders of the company on annual basis, by complying with the valid legal provisions on variable remuneration within A.F.I.A., and which represents minimum 50% of the variable remuneration that is granted.

2.3.5. Executive Board's meetings

The Executive Board meets on a regular basis (in general, once a week) and whenever necessary. The meetings of the Executive Board are summoned by the President of the Executive Board.

The meetings of the Executive Board are summoned upon the initiative of:

- (i) the President of the Executive Board or
- (ii) upon the justified request of at least two of its members, indicating the agenda or
- (iii) upon the justified request of the Supervisory Board, indicating the agenda.

The summons for the meeting of the Executive Board shall be provided to the members at a sufficient early stage before the date of the meeting. This term and the working ways of the Executive Board are established under the Operating Rules of the Executive Board.

In order for the adopted decisions to be valid, at least two of the members of the Executive Board should attend the meeting. The decisions of the Executive Board shall be validly adopted by the vote of the majority of attending or represented members in that meeting of the Executive Board. In case of a tie, the President of the Executive Board or its appointed substitute shall have the casting vote.

A member of the Executive Board may represent in the Board meetings only one absent member based on a special power of attorney valid only for a certain meeting of the Executive Board.

The meetings may also take place via teleconference or by other means of communication, and the participation in such meeting is considered participation in person, for the purpose of complying with the requirements concerning the quorum and the voting conditions.

The debates afferent to each meeting of the Executive Board are recorded in minutes which are kept by the Secretariat. The minutes shall be signed by hand or electronically by all the members of the Executive Board attending the meeting and by the secretary.

Based on the minutes, if applicable, the Secretariat of the Executive Board draws-up its decision, which is signed by the President and the secretary who drew it up. Through the agency of the Secretary of the Executive Board, the decisions adopted by the Executive Board shall be provided to



the interested internal organisational structures and also to the persons who are responsible for enforcing the measures set forth under such decisions.

3. COMPLIANCE, RISK MANAGEMENT AND COMPANY AUDITORS

3.1. Compliance

From a functional and hierarchical perspective, the compliance function is independent from the other organizational structures of the Company and it is performed by the Compliance Office, through the agency of the compliance officer, who reports directly to the Supervisory Board. The Compliance Officer is subject to the approval of the Financial Supervisory Authority prior to starting to perform their duties.

S.I.F. Transilvania's compliance officer also has responsibilities concerning the fulfilment of the Company's obligations in respect to the enforcement of the specific laws on prevention and combating of money laundering and terrorism financing, and the enforcement of the international sanctions by means of the capital market.

The Compliance Office's **objective** is to monitor and control the Company's and its employees' compliance with the applicable legal regulations and internal procedures so as to prevent the occurrence of events of legal and internal non-compliance.

The Compliance Office's **main duties** are:

- ✓ To monitor and assess on a regular basis the adequacy and efficiency of the actions, policies and procedures implemented by the Company in compliance with the applicable regulations, as well as the actions taken for settling any events of default by the Company, acting as an A.I.F.M.;
- ✓ To make all efforts to prevent and to propose actions for remedying any breaches of the applicable capital market laws and regulations or of the Company's internal procedures;
- ✓ To advise and assist the relevant persons responsible for taking any actions in view of ensuring compliance with the requirements imposed on the Company under the applicable regulations, including those referring to A.I.F.M. (e.g. implementation of solid management and accounting procedures and data protection controls and safeguards, checking employees' personal transactions, ensuring that the Company's transactions are traceable in terms of origin, parties, nature, time and place of execution, investment of Company assets in compliance with the legal regulations and the investment strategy approved by GMS, etc.);
- ✓ To ensure that the Company and its employees are informed on the legal regime applicable to the capital market;
- ✓ To endorse the documents delivered by the Company to F.S.A. for the purposes of obtaining the authorizations set out under the F.S.A. regulations and to make sure that the reports which should be sent by the Company to F.S.A. and the capital market entities are delivered within the statutory time-limit, as set forth under the applicable regulations;
- ✓ To analyse and endorse the Company's information/advertising materials;
- ✓ To maintain direct contact with F.S.A.;
- ✓ To monitor and verify on a regular basis whether the legal regulations to which the Company's business is subject and the internal rules and procedures are enforced, and to keep track of the identified irregularities; in this respect, the Compliance Office manages a register with the

performed investigations, the duration of such investigations, the period which they refer to, the result of investigations, the proposals submitted in writing to the Supervisory Board and Executive Board of S.I.F. Transilvania, and the decisions made by the persons in charge of taking settlement measures;

- ✓ To verify whether the prudential regulations are complied with;
- ✓ To verify whether the assets are correctly separated on entities under management;
- ✓ To examine the efficiency of the information system and internal procedures;
- ✓ To take actions aimed at preventing conflicts of interests and, in the event of occurrence of any conflicts of interests, to monitor the procedure for their settlement and, if applicable, in the event of non-compliance/infringement of the legal regulations, to immediately inform the Supervisory Board and the Executive Board; the Compliance Office manages the Register of Conflicts of Interests which contains the identified/declared conflicts of interests and the settlement way;
- ✓ To make sure that the persons responsible for the management of the Company and the persons in close relations therewith are aware of the legal regulations on market abuse and of their obligations, as set forth under the law; the Compliance Office prepares and updates the List of persons with management responsibilities and persons in close relationships with them;
- ✓ To make sure that actions are taken at Company level to prevent fraudulent practices and market abuse, including by verifying the personal transactions with shares issued by the Company and/or other financial instruments which the Company intends to trade/has already traded; the Compliance Office prepares and updates the List of persons with access to privileged information in relation to the Company, which is provided to F.S.A. upon its request;
- ✓ To check whether the Company complies with the legal regulations and internal procedures concerning the prevention of money laundering and terrorism financing, and to act as liaison for the Company in relation to the National Office for Prevention and Control of Money Laundering and the Financial Supervisory Authority in these areas;
- ✓ To make sure that the interests and rights of all shareholders are protected and to monitor the settlement of the complaints and claims made by them according to the legal provisions;
- ✓ To check whether the Company complies with the corporate governance rules set forth under the legal regulations and/or undertaken based on the agreements/codes to which the Company has adhered.

3.2. Risk management

The risk management function is directly subordinated to the Supervisory Board and it is functionally and hierarchically independent from the other organisational structures of S.I.F. Transilvania.

The risk management function is carried out by the Risk Management Office. The way in which the risk management function is carried out is regularly assessed by the internal auditor. The Risk Manager is subject to the approval of the Financial Supervisory Authority prior to starting to perform their duties.

The **main duties** of the Risk Management Office are:

- ✓ To propose and implement the risk management policy and strategy, as well as efficient risk management procedures, models, processes and actions in view of identifying, measuring,

- managing and permanently monitoring all relevant investment strategy related risks to which S.I.F. Transilvania is or may be exposed;
- ✓ To make sure that S.I.F. Transilvania's risk profile reported to the shareholders falls within the quantitative and qualitative risk limits, as defined for each and every risk;
 - ✓ To monitor whether the risk limits are complied with and to notify S.I.F. Transilvania's Executive Board and Supervisory Board in a timely manner if it is considered that the Company's risk profile is not consistent with such limits or there is a significant risk that the risk profile may become inconsistent with such limits;
 - ✓ To apply the leverage calculation procedure and to monitor whether the exposure falls within the limits set out under the risk management policy, if applicable;
 - ✓ To permanently identify and measure risks in order to assess their impact;
 - ✓ To deliver quarterly reports to S.I.F. Transilvania's Executive Board and Supervisory Board, including updated information referring to the following matters:
 - Compliance with S.I.F. Transilvania's risk profile reported to its shareholders, risk limits and consistency between such limits;
 - Compliance with the prudential risk management regulations, indicating, in particular, whether or not appropriate corrective actions were taken for any existing or potential deficiencies;
 - ✓ To deliver quarterly reports to S.I.F. Transilvania's Executive Board and Supervisory Board, including updated information concerning the current level of risks to which the company is exposed, as well as any existing or predictable exceeding of the risk limits, in order to make sure that expedient and appropriate actions may be taken.

3.3. Company's Auditors

3.3.1. Internal Auditor

S.I.F. Transilvania's internal audit function is separate and independent from other Company functions and activities, the internal audit activity being organized by contracting the services of an auditor - individual or legal entity.

The internal audit function reports to the Supervisory Board.

The Internal Auditor is selected by the Audit Committee and appointed by the Supervisory Board. The internal auditor is notified to F.S.A. at least fifteen business days prior to commencing to fulfil the tasks.

The **objectives** of the internal audit are:

- ✓ To define, implement and maintain an audit plan for examining and assessing the adequacy and efficiency of the internal control systems and mechanisms and A.I.F.M. procedures;
- ✓ To verify whether the activities carried out within the Company are in line with its policies, programs and management, in compliance with the legal regulations;
- ✓ To assess the adequacy and application of the financial and nonfinancial controls defined and implemented by the Company's management for the purposes of increasing operational efficiency;

- ✓ To assess the adequacy of the financial and nonfinancial data/information delivered to the Company's management in view of providing an accurate image of the Company's state of affairs;
- ✓ To protect on-balance sheet and off-balance sheet assets and to identify ways to prevent fraud;
- ✓ To examine on a regular basis the fulfilment of the risk management function;
- ✓ To contribute to the improvement of the risk management, control and governance processes;
- ✓ To assist the Company in ensuring the reliability of the financial and nonfinancial information used for internal and external purposes, in compliance with the applicable specific laws and the internal decisions of S.I.F. Transilvania;
- ✓ To submit to the Supervisory Board for approval the Annual Internal Audit Plan;
- ✓ To perform the missions detailed in the Annual Internal Audit Plan and to report at the end of each mission any internal audit issues and the adequacy of the actions taken to remedy such potential deficiencies;
- ✓ To make recommendations based on the results of the conducted activity and to verify whether the Company followed such recommendations;
- ✓ To permanently coordinate its activity with that of the financial auditor in order to ensure proper fulfilment of the audit objectives;
- ✓ To deliver a report, within 60 days as of the end of the year, to the Supervisory Board on the purpose of the audit, the authority, responsibility and functioning of the internal audit activity, by reference to the Annual Internal Audit Plan approved for the financial year ended.

3.3.2. Financial Auditor

The Company's financial statements are audited, according to the law, by an external financial auditor (either an individual or a legal entity), that is a member of the Romanian Chamber of Financial Auditors, appointed by the General Meeting of Shareholders and acting based on a services agreement approved by the Executive Board, with the endorsement of the Supervisory Board. The Audit Committee is responsible for maintaining the relation with the financial auditor.

4. HOLDERS OF SHARES

4.1. Shareholders

The shares issued by the Company are registered, indivisible, dematerialized and freely transferable as of 01.11.1999, the date of admission to trading on the Bucharest Stock Exchange (B.S.E.), under the symbol **SIF3**. The shares are issued at a face value of 0.10 Lei/share. Each share held gives the right for one vote within the general meetings of shareholders.

The shares are held by both Romanian and foreign individuals and legal entities. The Company's shareholders registry is kept by Depozitarul Central S.A. based on an agreement concluded therewith and in compliance with the legal regulations.

Upon acquiring, by any means, shares in the Company, shareholders are required to unreservedly adhere to the Company's Articles of Incorporation effective as at the date of such acquiring.

In accordance with the legal provisions, in case a shareholder acquires or sells shares issued by the Company, they shall notify the Company with regard to the percentage of voting rights which they hold as a result of the concerned acquisition or sale, when the concerned percentage reaches,



exceed or decreases below 5%, 10%, 15%, 20%, 25%, 33%, 50% and 75% threshold. Within three business days as of receiving the notification, the Company shall post on their website the notifications received from shareholders.

4.2. Shareholders' rights

S.I.F. Transilvania, as a company listed on the Bucharest Stock Exchange and, at the same time, as a company authorized, regulated and supervised by the Financial Supervisory Authority, is strongly committed to respecting the rights of and ensuring fair treatment for its shareholders. The Company makes all efforts to ensure an efficient, active and transparent channel of communication with its shareholders and to protect their interests.

The shareholders' fundamental rights are those defined under the Romanian capital market legislation and the relevant European regulations, as well as the Company's Code of Corporate Governance, i.e.: the right to attend and vote in the general meetings of shareholders, the right to have access to sufficient information on the matters submitted to the general meeting for approval, the right to ask questions concerning the items on the agenda of the general meeting, the right to call the general meeting of shareholders under the conditions provided for by law, the right to include items on the agenda of the general meeting, the right to submit draft decisions for items included/proposed to be included on the agenda of the general meeting, the right to dividends and the right to be informed with respect to the company (the regular and continuous information set forth under the capital market laws).

The internal work procedures define the actions taken by the Company to ensure the enforcement of the abovementioned shareholder rights.

If the shareholders claim any infringement of their rights, the Company undertakes to make all efforts to expediently and efficiently settle such matter and to ensure that the shareholders are treated in a professional, correct and non-discriminatory manner. For this purpose, the Company has made available to its shareholders on its website www.siftransilvania.ro, under the section *Investor relations*, the petition submission and settlement procedure and the related online submission form.

4.2.1. Shareholders' rights within the general meetings of shareholders

S.I.F. Transilvania encourages shareholders to attend the general meetings and makes all efforts to facilitate such attendance and the full exercising of their rights.

The rights of S.I.F. Transilvania's shareholders with respect to the general meeting of shareholders are those provided for by the applicable legal regulations, i.e. Law no. 31/1990 on companies, Law no. 297/2004 on the capital market, Law no. 24/2017 on issuers of financial instruments and market operations, and the applicable F.S.A. regulations/instructions. Therefore, the shareholders have, among others, the right to attend and vote in the general meetings of shareholders and to have access to sufficient information on the matters submitted to the general meeting for debate.

The general meetings of shareholders are called by the Executive Board and are held within no less than 30 days as of the publication of the meeting notice in the Official Gazette of Romania, Part IV. The meeting notice is sent to B.S.E. and F.S.A. and published in the Official Gazette of Romania, Part IV, in a national newspaper and in a newspaper printed in the Brasov Municipality and posted on the Company's website.

The shareholders registered in the shareholders' registry as at the reference date mentioned in the meeting's notice are entitled to attend and vote in the general meetings of shareholders.

Each share held gives the right for one vote within the general meetings of shareholders.

The shareholders may attend a general meeting in person or by representative, based on a special or general power of attorney, or may vote by correspondence, including by electronic means, by complying with the relevant laws.

The Executive Board posts on the Company's website the procedure for voting by correspondence. The meeting's notice includes detailed information on the availability of special power of attorney forms and ballots for voting by correspondence, as well as the deadline up to which the same may be forwarded / submitted at the Company's headquarters.

One or more shareholders representing, individually or jointly, at least 5% of the share capital is/are entitled:

- 1) to include items on the agenda of the general meeting, provided that each item is accompanied by a justification or by a draft resolution proposed to be adopted by the general meeting; and
- 2) to submit draft decisions for the items included or proposed to be included on the agenda of the general meeting.

In addition, the shareholders are entitled to ask questions concerning the items on the agenda of the general meeting. The date up to which the shareholders may exercise their rights, as described above, is indicated in the meeting's notice.

The documents related to the matters included on the agenda of the general meetings are made available to the shareholders at the company's office and on its website, no less than 30 days prior to the meeting's date. The shareholders may obtain at the company's headquarters, upon request and against payment, copies of such documents or they may consult the same by visiting the Company's website.

Within 24 hours as of the date of the general meeting of shareholders, the Company shall deliver to B.S.E. and F.S.A. a current report on the resolutions adopted by the shareholders. The G.M.S.'s resolutions are published in the Official Gazette of Romania, Part IV and posted on the Company's website.

4.2.2. Shareholders' right to dividends

If the general meeting of shareholders approves the distribution of dividends from the Company's net profit, the shareholders entitled to receive dividends are the shareholders registered in the shareholders' registry as at the registration date approved by the same general meeting that approves the distribution and value of the dividends.

The Company shall publish in the media and on its website a press release stating the value of the gross dividend per share, the date upon which such dividends are to be paid ("payment date") and the methods of payment.

The Company calculates and withholds the tax on dividends owed by the shareholders, at the rates provided for by the legislation in force as at the payment date and declares and pays such tax to the State budget.

In accordance with the legal provisions, the dividends shall be paid via Central Depository, the Participants in the compensation-settlement and register system (intermediaries, in accordance with Article 2, paragraph (1), section 20 of Law no. 24/2017, who have concluded an agreement for participating in the Central Depository's system) and the paying agent selected by the Company.

4.3. Communication with shareholders and other stakeholders

4.3.1. General Principles

As a company authorized, regulated and supervised by the Financial Supervisory Authority (F.S.A.), S.I.F. Transilvania is required to communicate with its stakeholders based on a communication strategy meeting at least the following requirements:

- Ensures a fair treatment for shareholders and stakeholders
- Ensures the communication of information in a timely manner and
- Ensures a transparent communication framework.

Moreover, as a company whose shares are traded under the Premium category of the Bucharest Stock Exchange, S.I.F. Transilvania is required to comply with the requirements of the B.S.E.- Market Operator Code with respect to the supply of information, as well as the provisions of B.S.E.'s Code of Corporate Governance in terms of the Company's relations with shareholders/investors.

4.3.2. Purpose and objectives of the communication strategy

The purpose of the communication strategy is the delivery of company related information to stakeholders so as to meet the communication requirements set forth by the national and EU regulations, as well as to enhance the Company's image and profile on the Romanian and foreign capital markets and to increase the stakeholders' confidence in the company.

4.3.3. Target groups

S.I.F. Transilvania mainly addresses to the following categories of stakeholders:

- Company's shareholders and potential investors
- Portfolio companies
- Capital market institutions and public institutions
- Mass media
- Company's employees (internal communication).

4.3.4. Communication with shareholders and potential investors

S.I.F. Transilvania aims at developing an efficient communication system so as to ensure fair access by the Company's shareholders and potential investors to exact, accurate and sufficient information in relation to the Company's business and performance.

Communication channels and instruments

- a) S.I.F. Transilvania makes available to its shareholders and potential investors on its website www.siftransilvania.ro, both in Romanian and English, the following **regular information**:
- The financial reporting calendar which includes the dates set for the publication of the preliminary annual financial statements, the date of the general meeting of shareholders for the approval of the annual financial statements, the dates for the publication of the quarterly,

biannual and annual financial reports, and the dates of the meetings organized by the company for the presentation of the financial results; publication deadline: no more than 30 days as of the end of a financial year, but no later than the commencement date of a closed period (30 days prior to publishing a year-end financial report/interim financial reports);

- Preliminary financial statements, including the statement of financial position and the statement of comprehensive income as at the 31st of December; publication deadline: no more than 45 days as of the end of the previous financial year;
- Quarterly, biannual and annual financial reports, including the financial statements prepared in compliance with the International Financial Reporting Standards (IFRS), with the specification that the annual financial statements are audited by the company's financial auditor; publication deadlines: annual report - no more than 4 months as of the end of the financial year, biannual report - no more than 2 months as of the end of the six-month period and quarterly reports – no more than 45 days as of the end of the reporting period. The financial reports are prepared in compliance with the legal regulations applicable to S.I.F. Transilvania. The regular reports are made available to the shareholders and potential investors on the Company's website www.siftransilvania.ro, under the section *Investor relations/Regular reports*, and at the Company's headquarters in Braşov, 2 Nicolae Iorga Street;
- Press releases regarding the availability of the quarterly, biannual and annual financial reports, which are published in at least one national newspaper and on the Company's website;
- Monthly reports regarding NAV- net asset value and NAV per share - (Annex no. 10 to F.S.A. Regulation no. 7/2020) shall be published on a monthly basis, within 15 days as of the end of the reporting period;
- The detailed statement of portfolio investments (Annex no. 11 of F.S.A. Regulation no. 7/2020) shall be posted on the Company's website, on a quarterly basis, within maximum 20 business days as of the end of the reporting period.

b) S.I.F. Transilvania makes available to its shareholders and potential investors on its website www.siftransilvania.ro, in Romanian and English, the following main **continuous reports/notifications**:

- Reports on inside information, as defined under the capital market laws, which are published as soon as possible, but without exceeding 24 hours as of the occurrence of the respective event or as of the time when such information is delivered to the Company (e.g.: calling and resolutions of the general meetings of shareholders, changes in the Company's management, disputes in which the company is involved, significant asset acquisitions and disposals, etc.);
- Information on the payment of dividends (information on the value of dividend per share, ex-date, record date and date of payment of dividends, as approved by the general meeting of shareholders, methods of payment and identification data of paying agent), which is published prior to the commencement of dividend payment;
- Report on major holdings of S.I.F. Transilvania (reaching, exceeding, decrease below 5%, 10%, 15%, 20%, 25%, 33%, 50%, and 75% thresholds) of voting rights in an issuer whose shares are admitted to trading on a regulated market, as set forth under the applicable laws;
- Report on significant transactions with affiliated parties, which are published subsequent to their approval and no later than their conclusion date;

- Notices on the percentage of own shares held, when the Company acquires or disposes, directly or indirectly, its own shares, as set forth under the applicable laws.

The aforementioned information is delivered to the Bucharest Stock Exchange and the Financial Supervisory Authority – Financial Instruments and Investments Sector, published in a national newspaper, where applicable, and posted on the Company’s website www.siftransilvania.ro.

c) In addition to the abovementioned information, the Company posts on its website, under the “About S.I.F. Transilvania” section, other **information/documents of interest**, such as:

- Company’s Articles of incorporation;
- Fund Rules;
- Key Information Document;
- Investment Policy Statement;
- Company’s Corporate Governance Regulation;
- Policies regarding the company’s functioning as an A.I.F.M. (summary);
- Remuneration Policies and Reports;
- Structure of the Supervisory Board and Executive Board, accompanied by the CVs of their members;
- Policies regarding the shareholders’ remuneration, projections, social responsibility and personal data processing;
- Information on the submission and settlement of petitions;
- Transactions with shares issued by the Company carried out by persons discharging managerial responsibilities, as well as by persons in close relations therewith;
- Shareholding structure and notifications received from the Company’s shareholders regarding the percentage of the voting rights held, and reporting of major holdings provided by the applicable law;
- Other information and reports, as set out under the legal regulations applicable to A.I.F.M.

d) Furthermore, the Company makes available to its shareholders and potential investors on its website, under the *Investor Relations* section, a **monthly newsletter** regarding the Company’s business and performance, interested persons being able to subscribe directly from the company’s website.

e) **Direct communication** with the Company’s shareholders and potential investors is carried out by a specialized organizational unit – Corporate Governance Department which provide them (by mail, e-mail, telephone and at the company’s headquarters) with information on the Company’s business and performance.

Direct communication with the Company’s shareholders is also carried out during the **general meetings of shareholders**, when the executive management presents the Company’s results and strategy and answers the shareholders’ questions. Moreover, the company’s management organizes **conferences for investors and analysts** in order to present the financial results of the company, and they participate in **meetings** with Romanian and foreign **investors** in view of promoting the Company and determining them to join the Company as shareholders.

4.3.5. Communication with portfolio companies

S.I.F. Transilvania’s objective is to manage the investments in its portfolio, to permanently identify new investment opportunities and to ensure a reasonable dispersion of the investment risks, so as to

offer its shareholders the possibility of both achieving attractive yields and increasing their invested capital.

In order to achieve this objective, S.I.F. Transilvania is committed to establishing an effective communication with the portfolio companies. Such communication is performed in full compliance with the corporate governance principles undertaken both at S.I.F. Transilvania's level and at each portfolio company's level. S.I.F. Transilvania encourages portfolio companies to adopt a transparent decision-making approach, with the complete and equidistant informing of all shareholders, in compliance with the applicable laws.

S.I.F. Transilvania actively exercises its shareholder rights by casting its vote during general meetings of shareholders (directly or by correspondence), delivering draft resolutions or addressing questions to the Board of Directors or Supervisory Board with respect to the items on the agenda of the general meetings of shareholders, as well as by carefully monitoring the information and reports disclosed by the issuers.

Persons with specific responsibilities within S.I.F. Transilvania participate in the meetings with investors organized by the companies whose shares are listed on the regulated market for the purposes of identifying new investment opportunities.

4.3.6. Communication with the capital market institutions

As a financial investment company authorized, regulated and supervised by the Financial Supervisory Authority and also as an issuer listed under the Premium category of the Bucharest Stock Exchange, S.I.F. Transilvania's communication with these institutions is regulated by the legal framework applicable to the capital market and consists in the fulfilment by the Company of its reporting obligations, i.e. **delivery to F.S.A. and B.S.E. of all regulated information/reports** set forth under the relevant laws. Such information/reports are delivered electronically (based on a username and password) through the official reporting systems of the two institutions, by the persons specifically appointed for this purpose by the Company's management, upon the approval of the content of such reports by the Executive Board. The appointed persons should meet the reporting deadlines, as defined under the applicable laws.

Moreover, the Company exchanges written correspondence with F.S.A. in which it responds to any request for information made by the Authority or the Company requests, in turn, clarifications with respect to particular aspects regarding the regulations issued by F.S.A.

The Supervisory Board makes sure that an adequate framework is in place to verify how the specific laws on reporting to the F.S.A. are applied and to check the information delivered to F.S.A. upon its request.

Moreover, the Company actively participates in the work groups created by B.S.E. and F.S.A., whose purpose is to discuss the subjects of interest and the issues which the issuers deal with, in general and the entities authorized by F.S.A., in particular, and to submit proposals regarding the improvement of the legislative and regulatory framework applicable to the capital market.

The Company collaborates with the **Central Depository** – a company which maintains S.I.F. Transilvania's shareholders registry - and with the **Depository-Custodian** – a banking institution which keeps records of the company's assets - based on agreements concluded in compliance with the applicable legal regulations. Such collaboration involves responsible and rigorous communication for keeping exact records and delivering accurate reports.

S.I.F. Transilvania's communication with the **participants** (financial investment companies and custodian banks) focuses on the delivery by the participants to their clients of relevant information about the Company so as to contribute to the enhancement of the Company's visibility and attractiveness among investors on the capital market. Moreover, the Company collaborates with the participants in order to pay the dividends to the shareholders of the company who are clients of the participants, as concerns the collection of the documentation requested for the payment of dividends for the pension funds, investment funds and non-resident shareholders who wish to benefit from a more favourable tax rate, provided by the Fiscal Code or the Double Taxation Avoidance Treaties. Moreover, the participants provide to their clients the information which the Company is bound to provide to the shareholders in order to allow them to exercise the rights afferent to the shares held.

S.I.F. Transilvania also focuses on the establishment of an effective communication and cooperation with all capital market institutions in view of developing and promoting high business standards for all types of capital market related activities.

4.3.7. Communication with public institutions

S.I.F. Transilvania's communication with various public institutions (Ministry of Finance, National Tax Administration Agency, National Bank of Romania, etc.) is mainly based on the Company's legal reporting obligations toward them, such as the reporting of the assets and liabilities of investment funds, statistics of securities held by the Company, etc. Also, it is aimed at creating a working framework for perfecting the capital market legislation.

4.3.8. Communication with the media

The Company seeks to consolidate and promote its image amongst shareholders and investors on the capital market by promotional, advertising campaigns, interviews, press statements, rights of reply, press releases and other information materials.

The Company is officially represented by the President of the Executive Board or by the persons specifically appointed for this purpose, who may attend interviews, make presentations or gives speeches at events to which the Company is invited or which are organized by it.

4.3.9. Internal communication

As set out under the Company's organizational chart and internal regulations and rules, the internal communication is carried out both vertically - by delivering the decisions and instructions of the Company's management and/or of the heads of departments to their subordinates, and horizontally, between departments - by internal notes and electronically (e-mail, file transfer, etc.).

During this communication process, the confidentiality, information integrity and security and data processing policies and procedures are complied with.

In addition to the normal reporting channels, employees may also report actual and significant suspicions with respect to the way the Company is managed directly to the members of the Audit Committee within the Supervisory Board.



5. CONFLICT OF INTERESTS AND TRANSACTIONS WITH INVOLVED PARTIES

S.I.F. Transilvania prepared, in compliance with the applicable legal regulations, a Policy on conflicts of interests which defines the main coordinates of:

- (i) the activities carried out by the Company or on the Company's behalf, including the activities carried out by a delegate, a sub-delegate, an external valuer or a counterparty, the identification of circumstances which constitute or may give rise to a conflict of interests with a significant risk of causing damage to its investors;
- (ii) the procedures which should be followed or adopted to prevent, manage and monitor such conflicts.

A conflict of interests refers to a situation in which a member of the Supervisory Board/Executive Board, an employee of the Company, a shareholder, a delegate, and also persons involved with them have, directly or indirectly, a competitive, commercial, professional or personal interest, which is or might be in conflict with their duties towards the Company.

Potential conflicts of interests could also result from the use of the Company's assets, association with competing companies, use of the information received during exercising the capacity as members of the Supervisory Board or Executive Board, employees of the company or persons involved with them.

During its day-to-day business, S.I.F. Transilvania may encounter both specific conflicts of interests resulting from its current operations and indirect conflicts of interests arising from the performance of operations and services in cooperation with other financial entities.

The Company focuses on proactively identifying, by using specific instruments and mechanisms, any potential circumstances with a significant risk of causing damage to S.I.F. Transilvania's shareholders for the purposes of implementing the best preventive actions.

By implementing such internal instruments and mechanisms, S.I.F. Transilvania seeks to prevent and adequately manage conflicts of interests, so that their impact is eliminated or minimized.

S.I.F. Transilvania takes all reasonable actions to prevent conflicts of interests and, if such conflicts cannot be avoided, it takes steps to identify, manage, monitor and, if applicable, to make them public so as to prevent any negative impact on its shareholders' interests.

In order to avoid conflicts of interests and any suspicions which may arise under such circumstances, it is the Company's policy to not enter into any transactions which are likely to generate conflicts of interests, unless they are strictly in the best interest of the Company and its shareholders.

S.I.F. Transilvania has adopted procedures for identifying and settling conflicts of interests.

The following rules of conduct were adopted at the Company's management level in view of avoiding any conflicts of interests:

- The members of the Supervisory Board and Executive Board are obliged to be loyal to the Company and to avoid conflicts of interests, namely the circumstances in which their personal or business interests make it difficult for them to take objective actions in the best interest of the Company and of its shareholders and to exercise their role as members of the Supervisory Board or of the Executive Board.



- The members of the Supervisory Board and the members of the Executive Board report on an annual basis to the Audit Committee their main functions and business activities, including their main duties in non-profit organizations, as well as any relevant legal entities within which the members of the Supervisory Board or of the Executive Board themselves or those represented by them are significant shareholders. The Audit Committee shall ensure that there were no conflicts of interests, and in case of identifying such situations, that they were properly addressed;
- The members of the Supervisory Board shall immediately notify the Board, and the members of the Executive Board and the employees of the company shall notify the Executive Board and Compliance Office with regard to any conflict of interests in which they are involved and/or any potential conflict of interests that could result from an operation.
- The Company's management shall manage the conflicts of interests based on the rules applicable to the transactions made by the Company with the involved persons.
- In case of a conflict of interests involving a member of the Supervisory Board or Executive Board, they shall not participate in discussions, deliberations or in the decision-making process with regard to the transaction, except the case when, in their absence, the majority necessary to adopt a decision is not reached (but without voting right when adopting a decision regarding the circumstance in which the concerned conflict of interests occurred).
- The member of the Supervisory Board or Executive Board may be directly requested any information necessary to facilitate the adoption of a decision.
- In case a conflict of interests is identified by the persons who carry out supervisory/control activities within S.I.F. Transilvania, it shall be immediately notified to the Supervisory Board/Executive Board by written report.

Transactions with involved persons

In order to avoid any conflicts of interests which may occur in case of transactions concluded with involved persons, it is S.I.F. Transilvania's policy to not enter into such transactions, unless they are strictly in the best interest of the Company and its shareholders.

If such transactions with involved persons cannot be avoided, being deemed in the interest of the Company and its shareholders, the Company shall make all efforts to ensure that all transactions are objectively analysed, in a manner which ensures the independence and protection of the Company's interests, in compliance with the legal restrictions, and accurately disclosed to the shareholders and potential investors.

The Company undertakes not give preferential treatment to any shareholder to the detriment of other shareholders with respect to the transactions concluded by the company with shareholders and persons involved therewith, and, consequently, protect the interests of the Company and of its shareholders.

For each transaction to be entered into with an involved person, the negotiation shall be entrusted to a member of the Executive Board or to any head of an organizational unit, as nominated by the Executive Board.

The Executive Board and the Supervisory Board, if applicable, shall be provided, during each meeting, with details on any transaction proposed to be entered into with an involved person, including the terms and purpose of such transaction and benefits for the Company and for the involved person.

In view of approving a transaction with an involved person, the Executive Board, the Supervisory Board and the Audit Committee, if applicable, shall mainly examine the following matters relevant for the transactions:

- (i) whether entering into such transaction with an involved person is in the Company's best business interests;
- (ii) whether the terms of the transaction are fair for the Company and whether the price falls under the existing market margins for comparable products or services; moreover, the products or services offered should provide additional benefits for the Company as compared to similar products or services existing on the market;
- (iii) whether the transaction affects the independence of a member of the Supervisory Board;
- (iv) whether such transaction may constitute a major conflict of interest as a result of the transaction's size, the financial gain of the involved person, the direct or indirect interest in the transaction of the involved person.

The members of the Supervisory Board should immediately inform the Board, and the members of the Executive Board and the company's employees should inform the Executive Board and the Compliance Office if they, themselves or the members of their family, have any personal interest in a transaction with the Company.

The transactions entered into by the Company with involved persons shall be transparent and disclosed to investors in the Company's annual business report.

In case of concluding a significant transaction with affiliated parties, the Company shall prepare a report on the significant transactions with affiliated parties, which is published subsequent to their approval and no later than the date of their conclusion, in accordance with the law.

6. REGIME OF CORPORATE INFORMATION

S.I.F. Transilvania has an Integrated Information System which supports and streamlines all Company processes and ensures information security, integration and confidentiality and business continuity, in compliance with the applicable legal regulations and the specific working procedures.

Since 2012, the Company implemented and certified an Information Security Management System, and, in 2015 and also in 2018, it was recertified under a new standard, ISO/IEC 27001:2013 (SR ISO/CEI 27001:2013).

In order to ensure information security, S.I.F. Transilvania prepared and implemented special procedures regarding information classification, operational documents flow, equipment safety, control of access to information and information processing systems, management of information security breaches, data recovery and business continuity, preservation of records of transactions with portfolio financial instruments and data processing.

In the internal working procedures, particular attention is paid to **inside information**, as defined under the European regulations on market abuse, i.e. "information of a precise nature, which has not been made public, which relates directly or indirectly to one or more issuers or one or more financial

instruments and which, if it were made public, would be likely to significantly affect the price of the concerned financial instruments or of related financial derivatives.”

The Company prepares **Lists of insiders**, who are notified in writing with respect to their related legal obligations and the penalties applicable in case of misuse and unauthorized disclosure of inside information.

Under the internal procedures, insiders are prohibited from:

- ✓ Engaging or attempting to engage in insider dealing for the purposes of acquiring/disposing of securities issued by S.I.F. Transilvania;
- ✓ Recommending or inducing another person to engage in insider dealing for the purposes of acquiring/disposing of securities issued by S.I.F. Transilvania;
- ✓ Disclosing inside information without authorization;
- ✓ Engaging or attempting to engage in market manipulation.

Insiders may carry out transactions for their own account or for the account of third parties, directly or indirectly, with shares issued by the Company only after disclosing by the Company, through the person specifically appointed for this purpose, of the inside information, in compliance with the applicable legal regulations.

Moreover, persons relevant in relation to S.I.F. Transilvania may not carry out transactions for their own account or for the account of third parties, whether directly or indirectly, in respect of the securities issued by S.I.F. Transilvania or financial derivatives or other financial instruments in relation thereto, during a closed period of:

- (i) 30 calendar days prior to the announcement of an interim financial report or a year-end financial report which the company is obligated to publish;
- (ii) 5 calendar days prior to the publication of a net asset report.

The Company should make public the inside information as soon as possible, however within no more than 24 hours as of the occurrence of the event or the moment it became aware of such information. The inside information is delivered to B.S.E. and F.S.A. and published on the Company’s website. The Company may postpone on its own responsibility the publication of inside information, in compliance with the special conditions set out under the legal regulations on market abuse.

7. SOCIAL RESPONSIBILITY

S.I.F. Transilvania’s social responsibility strategy essentially refers to the following:

- (i) development of a social responsibility management system;
- (ii) monitoring of good practices in terms of corporate social responsibility implemented at European level;
- (iii) adoption of practical solutions in terms of corporate social responsibility at S.I.F. Transilvania’s level.

S.I.F. Transilvania’s social responsibility policy is based on the principle of coherence between social programs, attitude towards business, shareholders and employees and also towards environment, in the context of ensuring a sustainable development of both the Company and the community in which it carries out its activity.

The coordinates concerning the practice of corporate social responsibility at S.I.F. Transilvania's level mainly target the following:

In respect of the **business responsibility and business attitude**:

- promotion of investment programs, including partnerships with local and business communities;
- supporting real economy by promoting sustainable investment programs through the portfolio companies (e.g.: in the tourism sector), by conducting public tenders and using the financing facilities offered by the capital market mechanisms and institutions;
- supporting portfolio companies, in terms of investments, which, on this basis, shall create jobs.
- As concerns the business attitude, the management of the Company and its employees comply with the rules of ethics and conduct adopted by the Company. They carry out their activity in a responsible and honest manner, by considering the dignity and prestige of the profession, and not engaging in practices that could prejudice the image and interests of the Company and its shareholders. While carrying out the activity, the Company maintains its independence from any political influences and it does not engage in using the name of the Company to promote political interests.

In respect of the **responsibility towards shareholders**:

- Through the investment portfolio management activity, S.I.F. Transilvania intends to ensure for the shareholders who invested in shares issued by the Company returns over the average return provided by other investments on the financial market, both by granting dividends and by other forms of remuneration (distribution of free shares, redemption of shares etc.).
- Protection of the interests and rights of the investors is a priority for S.I.F. Transilvania, and if the shareholders claim any infringement of their rights, the Company undertakes to make all efforts to expediently and efficiently settle such matter and to ensure that the shareholders are treated in a professional, correct and non-discriminatory manner.
- The Company complies with its transparency and information obligations in relation to its shareholders and investors by publishing current and regular reports concerning the activity of the Company.

In respect of the **responsibility towards employees**:

- Providing an adequate work environment, offering opportunities for professional and personal development, being in a permanent dialogue with them for the purpose of improving the processes and increasing the performances of the organisation, respecting the human dignity of each employee and also all the rights which arise from this capacity.

In respect of the **responsibility towards the environment**:

- Efficiently using the resources, reducing waste and pollution, sorting and recycling wastes, using renewable and natural resources, saving water and electricity, using green technologies, ensuring thermal efficiency of buildings and applying environmental standards.

In respect of the **responsibility towards community**:



- By promoting the principles of a company responsible in relation to the community, S.I.F. Transilvania gets involved in the community's life through sponsorships and patronage, by offering humanitarian financial aids and by participating, as partner, in various community social programs. The main sectors in which the Company decided to get involved are: education, healthcare, social work, environment and humanitarian actions.

May 2021