



Transilvania Investments

Transilvania Investments Alliance Policy regarding the integration of sustainability risks

Regulation (EU) no. 2019/2088 sets forth rules for the participants in the financial market and the financial consultants regarding the transparency concerning the sustainability related disclosures in the financial services sector, consideration of the adverse effects on sustainability in their activities and provision of information on sustainability with regard to the financial products.

Transilvania Investments Alliance S.A. (hereinafter referred to as the Company) is an Alternative Investment Fund Manager (AIFM), authorized by the F.S.A., according to the provisions of Law no. 74/2015 on alternative investment fund managers, based on the F.S.A. Authorization no. 40/15.02.2018.

The Company is authorized as a self-managed diversified closed-end Retail Investor Alternative Investment Fund (RIAIF), set up as an investment company, according to the provisions of Law no. 243/2019 on the regulation of alternative investment funds.

According to the 2020-2024 Investment Policy Statement (I.P.S.), approved by the shareholders, the Company aims to **gradually include the ESG factors in its preliminary investment analyses**.

Sustainability factors refer to environmental, social and workforce-related factors, observance of the human rights, matters related to fighting corruption and bribery.

Sustainability risk means an environmental, social or governance (ESG) event or condition which, in case it occurs, could actually or potentially determine a material adverse effect on the value of the investment made by the Company.

The investment decisions are usually based on several factors, and risks of this kind are likely to materialize over a longer time horizon. It is important to acknowledge the fact that taking into account the sustainability-related interests on a longer term is an economically viable approach, and it does not necessarily lead to different returns for investors.

A circular economy, with low carbon emissions, sustainable and efficient as concerns the use of the resources, is essential to ensure long-term competitiveness. Business systems and models can be designed by intention, having the capacity to regenerate and thus, the waste of resources to be minimum, and Transilvania Investments Alliance wishes to be an active part in such constructions.

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Autorizație ASF nr. 40/15.02.2018

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RO08 RNCB 0053 0085 8144 0001

Societate administrată în sistem dualist

Materialization of events resulted from climate changes could favour/determine the occurrence of sustainability risks. The sustainability risks could represent a distinct risk, but they could also have an impact on other risks such as, without limitation thereto: market risks, operational risks, liquidity risks or counterparty risks.

Environmental, social and governance issues imply, for example, for environment-related objectives: the efficient use of energy resources, of energy from renewable sources, of raw materials, water and lands, for production: efficient use of waste and greenhouse gas emissions, for social objectives: contributions to combating inequality or promoting social cohesion, social integration and work relations or investments in human capital, and for the objectives related to good governance practices: compliance with international agreements, compliance with AML-related aspects, fighting corruption. Currently, the information on these issues available from credible sources might present inconveniences and shortcomings, some of which being: difficulty in obtaining data, incomplete information, most of the time data is based on estimates, lack of updates or inaccuracy. Thus, even when such information is available and identified, there is no current certainty with regard to the possibility of correctly and completely assessing the risks based on this information.

As the amount of available information on the compliance by the issuers/companies with environment, social and governance criteria is still low, investments cannot currently consider all the criteria for environmentally sustainable economic activities and a full/comprehensive/relevant assessment of the negative effects of the investment decisions on the sustainability factors cannot be made at this time.

When the information on the criteria defined by the law will be sufficient for a relevant and complete documentation/analysis, the Company will review the relevant policies and consider the legal criteria for environmentally sustainable economic activities.

Materialization of the sustainability risk may cause an impact on the fund's asset, which may vary in intensity depending on other specific risks and asset class. A sustainability risk for an asset may generate a loss in its value, and therefore, a negative impact on the net asset value of the fund.

Still, considering that Transilvania Investments Alliance S.A. is, by its setting-up, a **diversified** closed-end Retail Investor **Alternative Investment Fund** (RIAIF), the probability that the materialization of a single sustainability risk significantly affects the net asset value of the fund is low and it is unlikely that the sustainability risks shall materially affect the Company. The financial product to which this document refers to (the Fund) does not currently promote environmental or social characteristics, or a combination thereof.

For mitigating the sustainability risks, the use of some instruments will be considered, such as certain exclusion criteria (information on companies, activities/countries to be excluded) or evaluations in order to identify a possible ESG risk with potentially significant impact (such as information on companies, projects or types of activities, sectoral or geographic impact), which shall also analyse the ESG ratings available from credible external sources.

Although the Company makes all the necessary efforts in the prior analysis of holdings in the decision-making and investment process for the purpose of protecting the interest of its shareholders, and considering that the information on sustainability factors is currently difficult to be obtained, the information is incomplete or not updated and data is often based on estimates, there is a high probability for the Company not to be able to consider the main negative effects of all investment decisions on the sustainability factors.

The sustainability risks cannot be completely eliminated, and their effective and sound management is the subject of the continuous concern of the Company.

Thus, for the above-mentioned reasons, at the date of preparing this Document, the Company does not integrate the sustainability risks in its investment decisions but considers that the periodical review of the factual situation is important and necessary. At the same time, the sustainability risks are currently considered as being not relevant, for the above-mentioned reasons, and, in case such risks would materialize, their impact would be insignificant for the Company.

Given the above-mentioned considerations, the Company does not consider at this time the negative effects of the investment decisions on the sustainability factors.

Whenever the Company will consider it necessary and appropriate, this policy will be subject to reviews, the outcome of which will be communicated to investors, according to the legal provisions in force.

However, the investment decisions will consider and integrate the available relevant information, including those indicating potential negative effects on sustainability factors (in principle, they can be considered favourable for not investing in /exiting from an existing investment, as the case may be).

The Company shall make available to its shareholders and relevant stakeholders the stage and impact of the implementation of the ESG factors at the level of the investment policy and at the level of its entire activity, in full agreement with the applicable legal framework and its status of investment entity.

June 2022