



Transilvania
Investments

Transilvania Investments

Non-Financial Report 2022





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I. About Transilvania Investments

Transilvania Investments Alliance S.A. (“*Transilvania Investments*” / “*the Company*” hereinafter) is an **Alternative Investment Fund Manager** (A.I.F.M.), authorized by the F.S.A. (Authorization no. 40/15.02.2018), which operates under the provisions of Law 74/2015 *on alternative investment funds managers*.

At the same time, the Company is authorized as a **Retail Investor Alternative Investment Fund** (R.I.A.I.F.), of closed-end type, diversified, set-up as an investment company, self-managed, in accordance with Law 243/2019 on the regulation of alternative investment funds, based on the F.S.A. Authorization no. 150/09.07.2021.

Transilvania Investments is a Romanian legal person incorporated as a joint-stock company. The shares issued by the Company are traded on Bucharest Stock Exchange (under TRANSI symbol as of 14.03.2022, former symbol SIF3), in the Premium category, Main segment and they are held by individual and institutional Romanian and foreign shareholders.

The Company is part of the category of entities authorized, regulated and supervised by the Financial Supervisory Authority (F.S.A.).

The Company is managed in a two-tier management system by an Executive Board which carries out its activity under the oversight of a Supervisory Board.

According to the Articles of Incorporation, the main activities performed by the Company are portfolio management and risk management.

Transilvania Investments manages an investment portfolio which has a predominant exposure on the Romanian capital market, mainly on listed shares of companies from banks, tourism and leisure, real estate and energy sectors. The

Company manages a complex and diversified portfolio which may include any of the following financial instruments/assets: shares, fixed-income instruments, fund units/ETFs, equity holdings in investment funds/collective investment undertakings, equity interests, alternative investment instruments (including derivative financial instruments), without being limited thereof. The structure of the aggregate portfolio managed by the Company complies with the investment limitations undertaken through the risk profile and the status of Retail Investor Alternative Investment Fund, and therefore it remains focused on shares listed on the Romanian capital market.

On 31 December 2022, Transilvania Investments was holding in portfolio shares issued by 85 companies, equity interests in one company, fund units issued by 6 investment funds, one investment in the form of equity holding and Government securities issued by the Ministry of Finance.

The main investment objectives of Transilvania Investments are the following:

- Maximizing the aggregate returns achieved by its current and potential investors through the investments carried out by the Company in accordance with the law and the own regulations in force;
- Increasing the net asset value through a performant management carried out by specialists and oriented towards added value generation, and through an active and prudent management of the assets from the business lines (trading, travel and leisure, real estate, industry and venture capital/private equity).

II. Corporate Governance

Transilvania Investments implemented a corporate governance system which observes the provisions of the Bucharest Stock Exchange Corporate Governance Code applicable to companies whose shares are admitted to trading on the regulated market. At the same time, the Company promotes corporate governance development by applying the best practices and performing prudent management, according to the provisions of the F.S.A. Regulation no. 2/2016 *on the application of corporate governance principles by entities authorized, regulated and supervised by F.S.A.*

The Executive Board of Transilvania Investments, with the approval of the Supervisory Board, adopted the Corporate Governance Regulations

of the Company which defines the policies, practices and management structures helping in exercising its main responsibility – to provide an efficient management of the Company, for the benefit of its shareholders. The Regulations are available on the Company's site www.transilvaniainvestments.ro, under *Corporate Governance* section.

The Company publishes periodically, in the annual reports, the "Apply and Explain" Statement and the "Statement on applying corporate governance principles", showing the degree of Company's compliance with the principles and recommendations of the BSE Corporate Governance Code, respectively the provisions of the F.S.A. Regulation no. 2/2016.

III. Conflicts of Interests, Insiders' Transactions and Transactions with Related Parties

According to the applicable legal regulations, Transilvania Investments prepared the Policy regarding the conflicts of interests, which sets the main coordinates of:

(i) Activities performed by Transilvania Investments or activities performed on its behalf, including activities performed by a delegate, a sub-delegate, an external evaluator or a counterparty, identifying the circumstances that are or may lead to conflicts of interests with significant risk of prejudicing the Company's investors;

(ii) Procedures that must be followed or adopted to prevent, manage and monitor such conflicts.

During its current activities, Transilvania Investments may face up with specific conflicts of interests resulting from its current operations, as well as with indirect conflicts of interest arising from performing operations and services in collaboration with other entities.

Through specific instruments and mechanisms, the Company aims at proactively identifying possible situations with significant risk of prejudicing Transilvania Investments shareholders, in view of adopting the best preventive measures. Applying such internal instruments and mechanism, Transilvania Investments aims at obtaining a proper prevention and management of conflicts of interests, so that their impact is cancelled or minimized.

Transilvania Investments takes all reasonable measures to prevent conflicts of interests, and in case they cannot be avoided, the Company takes measures to identify, manage, monitor and, as applicable, make public such conflicts of interests for the purpose of preventing them from adversely affecting the interests of Transilvania Investments and its investors.

Staff performing supervisory/control activities within Transilvania Investments act for preventing conflicts of interests by pursuing

compliance with the legal regulations and internal procedures and counselling the relevant persons.

In case of occurrence of a conflict of interests, the supervisory/controlling staff must monitor how the situation that generated conflict of interests is managed. The Compliance Department manages the Registry of Conflicts of Interests where the identified/declared situations of conflicts of interests and the way such conflicts have been managed are recorded.

Given that the Company performs current trading activities on the capital market, in order to avoid conflicts of interests, the Company's policy on conflicts of interests provides that all personal transactions performed by relevant persons and persons closely associated with them, with shares issued by Transilvania Investments or other financial instruments traded on a regulated market or alternative trading system/multilateral trading system or organized trading system, must be previously notified by the relevant persons to the compliance officer, in order to verify the compliance with the legal regulations on conflicts of interests, abusive market practices etc.

At the same time, transactions with shares issued by Transilvania Investments, conducted by relevant persons, are forbidden in closed periods, respectively before publishing the (interim and final) annual, quarterly and half-year financial results, periods which are set by reference to the financial communication calendar drafted the Company.

According to the legal provisions on market abuse, the members of the Supervisory Board and Executive Board, as well as the persons closely associated with them, must notify the Company and the Financial Supervisory Authority of every transaction conducted with shares issued by the Company, within 3 days from trading date. The obligation applies to any subsequent transaction once a total amount of EUR 5,000 has been reached within a calendar year. The Company informs investors about the received notifications by publishing them on its

own website as well as on the B.S.E. website. The transactions conducted in 2022 by the persons discharging managerial responsibilities may be consulted on the website www.transilvaniainvestments.ro, section [*Managers' transactions - Art. 19 Reg \(UE\) 596/2014*](#)

According to the applicable legal provisions, the Company, through the compliance officer, must prepare the *List of persons who have access to inside information (Insider List)*, to permanently update it and to make it available to the F.S.A., upon their request, as well as the *List of persons discharging managerial responsibilities and persons closely associated with them*.

The transactions conducted by Transilvania Investments with related parties are transparent and notified to investors by specifying them in the corporate annual activity report. In case of concluding significant transactions with related parties (value exceeding 5% of the Company's net assets), the Company prepares and publishes a report, after their approval and at the time of their conclusion the latest, according to the laws in force. The Company's transactions with related parties are periodically assessed, at least annually, by the Audit Committee of the Supervisory Board.

On 31.12.2022, the Company had in its portfolio controlling holdings in 25 companies (subsidiaries) and holdings conferring it a significant influence in 21 companies (associated entities). During 2022, the Company did not perform significant transactions with these companies, all concluded transactions consisting of provisions of services, such as renting, hotel services etc.

In 2022, the Company did not conclude significant transactions with members of the Executive Board or Supervisory Board, the amounts paid to them by the Company representing monthly fixed remuneration and variable remuneration, according to the provisions of the mandate or management contracts and the Company's remuneration policy.



All transactions with related parties concluded by the Company in 2022 are presented in the 2022 Annual Report, available on the Company's website www.transilvaniainvestments.ro, section [2022 Annual Report](#).

The members of the Supervisory Board must immediately notify the Supervisory Board, and the members of the Executive Board and the Company employees must notify the Executive Board and the Compliance Department of any conflicts of interests they are in and/or of any potential conflict of interests that might result from an operation.

The members of the Supervisory Board and Executive Board annually report to the Audit Committee their main positions held and professional activities, including their duties in nonprofit organizations, as well as any relevant legal entities in which the members of the Supervisory Board or Executive Board,

themselves or the ones they represent, are significant shareholders. The Audit Committee makes sure there were no conflicts of interests, and in case of identifying such situations, that they have been properly managed. The positions held and professional activities of the members of the Supervisory Board are presented in the [2022 Annual Report](#), available on the Company's website.

In case of occurrence of a conflict of interests involving a member of the Supervisory Board or Executive Board, they shall not attend discussions, deliberations or the decision-making process regarding the transaction, except for the case when their presence is required for the majority necessary to adopt a decision (but not having the right to vote on adopting a decision concerning the circumstance that led to that conflict of interests).

IV. Risk Management System

Transilvania Investments has implemented, at company level, a risk management system that includes policies, procedures and measures to identify, measure and manage risks. The risk management policies and procedures are part of the *"Policies and procedures regarding the functioning of Transilvania Investments as an A.I.F.M."* According to the internal policies and procedures, the internal risk management system integrates competences and responsibilities across the whole organizational structure (Supervisory Board, Executive Board, Risk Management Department, Compliance Department, Internal Auditor, Operational Departments). Procedures are established to manage and monitor all relevant risk categories at the company level (market risk, credit risk, investment concentration risk, liquidity risk, operational risk).

The risk management policy, adopted at Transilvania Investments level, sets the main coordinates of the control and management of the issues that may have or even end up having

an impact on the Company's activity. The risk management policy pursues the implementation by the Executive Board and Supervisory Board of proper measures in relation to the nature, size and complexity of the activities performed by Transilvania Investments to minimize possible risks/vulnerabilities.

The Company's management analyses and approves on annual basis the risk management policy and the measures, procedures and techniques for the enforcement of said policy, including the risk limits system; it assesses, monitors and revises, at least once a year, the risk management systems, according to the provisions of EU Regulation 231/2013.

The Executive Board is constantly seeking to minimize the potential adverse effects associated with the financial risks Transilvania Investments is exposed to, through an active policy of prudential portfolio diversification and using one or more techniques to mitigate the risk depending on the dynamics of trading venues



and market price trends related to financial instruments held by the Company.

At the same time, the Executive Board seeks to permanently achieve a high level of diversification of exposures to both categories of financial assets / transactions and the exposure structure to financial risks. For this purpose, the objective on exposure diversification is performed on the following levels:

- portfolio diversification by avoiding excessive exposure to a debtor/issuer, category of financial assets and operations;
- financial risks diversification aiming to avoid excessive exposure to a certain type of financial risk.

To reach the highest diversification level on the above levels, the Executive Board has started and run an extensive process of portfolio restructuring and resetting business policies.

The permanent risk management function is hierarchically and functionally independent from the other operational departments of the company, and performed by the Risk Management Department which is subordinated to the Supervisory Board. The main objective of the risk management activity is to ensure that all risks are managed in a coherent and appropriate manner.

Throughout 2022, the risk management activity was carried out based on the Policies and Procedures regarding the Company's functioning as an A.F.I.M. in terms of risk management. The risk management system includes a set of analyses, diversification charts of the financial instruments in the portfolio, the identification and assessment of financial risks, as well as proposals and recommendations to mitigate the effects of the risks related to the Company's investment and general activity.

Throughout 2022, Quarterly Reports on the significant risks to which the Company's activity is exposed have been prepared. The financial

and operational risks have been assessed, monitored and addressed in order to reduce their impact. The quarterly reports provided a series of recommendations, which have a permanent character, intended to maintain the company's activity in line with the risk profile communicated to investors.

Also, the Risk Management Department prepared monthly the synthetic diagram of the exposures registered by Transilvania Investments towards various financial assets and activities, according to Law no. 243/2019 was. Throughout 2022, the level of holdings in various financial instruments was within the limits set forth by the legislation in force.

In accordance with its risk management policies and procedures, Transilvania Investments performed crisis simulations under normal and exceptional market conditions, which to allow the assessment of market risk, as well as under normal and exceptional liquidity conditions, which to allow the assessment of liquidity risk. Within crisis simulations, the impact of stress scenarios, both under normal and exceptional conditions, was estimated on each financial instrument in the portfolio to which the stress factor can be applied, and these effects were summed to determine the cumulative impact of a factor on total assets, net assets and unitary net asset value. The results of the stress tests were presented to the management and will be considered when implementing the Investment Strategy and synchronizing the investments.

In terms of assessing operational risks generated by IT systems, the matters provided by the F.S.A. Rule 4/2018 on managing the operational risks generated by computer systems used by the entities authorized/approved/registered, regulated and/or supervised by the Financial Supervisory Authority are also considered.

V. Shareholders' Rights

The Company makes every effort for shareholders' rights, as they are conferred by the applicable laws, to be observed and provides equal non-discriminatory treatment to all its shareholders.

In terms of the *shareholders' rights to information*, the Company makes sure that shareholders and investors have access to reliable, truthful and accurate information concerning the Company's activities and performances. The Company sends to B.S.E. and F.S.A. and publishes on its own website current reports, periodical reports and other types of reports the Company must publish according to the applicable legal regulations and the recommendations of B.S.E. Corporate Governance Code.

Transilvania Investments publishes any inside information directly referring to its activities as soon as possible, but without exceeding 24 hours from the occurrence of the event or from the date when the Company becomes aware of such event. In this respect, Transilvania Investments makes sure that inside information is disclosed in a manner which enables fast access and complete, correct and timely assessment of the information by the public. Inside information is published as current reports which are sent to the B.S.E. and F.S.A. and published on the Company's website, section [Investor Relations/Reports/Current reports](#).

In terms of the *shareholders' rights to information*, Transilvania Investments publishes on its website www.transilvaniainvestments.ro, under section "*Investor Relations*", the most important information, both in Romanian and English, such as: the financial communication calendar, current and periodic reports, the financial statements, information on dividends, the net asset value, information on general meetings of shareholders etc.

Furthermore, the Company publishes in the above-mentioned section a monthly newsletter for the shareholders, to which interested persons can subscribe directly on the company's website, as well as other presentations for investors.

In addition to the aforementioned information, the Company publishes on its website, under the section "*Corporate Governance*", information/documents of interest such as: the Articles of Incorporation, the internal regulations, CVs of the members of Supervisory Board and Executive Board, shareholding structure, shareholder remuneration policy, management structures remuneration policy, social responsibility policy, forecast policy etc.

The Company published in 2022 the updated documents related to its operation as a R.I.A.I.F., namely the Key Information Document, the Simplified Prospectus and the Fund Rules. The changes made mainly concerned the updating of the company name, the composition of the Executive Board and the financial auditor. The updated documents are available on the company's website, under "*Corporate Governance*" section.

After the end of the reporting period, on 18 January 2023, the Company published the Key Information Document (KID), updated following the entry into force on 1 January 2023 of the Delegated Regulation (UE) 2021/2268, document providing information on the past performance of the fund and past performance scenarios.

The Company has also published the updated Articles of Incorporation on its website, in the Corporate Governance section. By the Authorization no. 106/08.07.2022, the F.S.A. authorized, with several amendments, the changes to the Articles of Incorporation of the Company in accordance with Resolution No. 1 of the Extraordinary General Meeting of Shareholders of 28 April 2022.



Throughout 2022, the Company fulfilled its transparency, informing and reporting obligations provided by the legal regulations and the B.S.E. Corporate Governance Code, both as an issuer traded on the B.S.E. and as an Alternative Investment Fund Manager (A.F.I.M.) and Retail Investor Alternative Investment Fund (F.I.A.I.R.).

In this regard, during the analysed period, current reports, press releases and periodical reports were prepared, which were brought to the attention of shareholders and investors by publication on the B.S.E. website, of the F.S.A. and on the Company website. The reports and press releases have been disseminated both in Romanian and English.

The Company continued in 2022 to implement the best practices in communication with investors, according to the criteria set forth by the Romanian Investor Relations Association (A.R.I.R.). Thus, among other actions, the Company made available to investors the 2021 Sustainability Report, participated in the Romania Investor Day international conference, organized by Wood & Company in March 2022.

Furthermore, Transilvania Investments organized on 3 May 2022 and 17 August 2022, two conference calls with investors and analysts for presenting the Company's financial results for the FY 2021 and the first half of 2022, as well as the Company's activity. The materials presented to investors and the audio recordings of the conferences are available on the company's website, under [Investor Presentations](#) section.

The Company also organized, on 23 September 2022, at Hotel Cleopatra in Saturn Resort, the Transilvania Investments Investor Day, during which investors had the opportunity to meet the members of the Executive Board and the Supervisory Board and to learn the latest news on the company's activity. The event also provided an overview of the main directions of Transilvania Investments and answers to investors' questions. All the information presented during the 'Investor Day' is available on the company's website, under [News](#) section.

The actions carried out by the company in 2022 resulted in a 9.5 points Vektor score (the indicator of communication with investors for listed companies) granted by the Romanian Investor Relations Association, out of 10 possible points.

The Company's communication with its shareholders and investors is carried out through a specialized organizational structure – the Corporate Governance Department - that provide shareholders and investors with the information necessary for them to exercise in the most optimal way their position as shareholder.

In terms of the *shareholders' rights referring to general meetings of shareholders*, Transilvania Investments encourages the shareholders to participate in the general meetings and makes every effort to facilitate their participation in the general meetings and the full exercise of their rights as shareholders.

The shareholders' rights regarding the general meetings of shareholders are those provided by the Company Law no. 31/1990, Law no. 24/2017 and the applicable F.S.A. regulations. Thus, the shareholders are entitled to attend and vote in the general meetings of shareholders, and to have access to sufficient information on the issues submitted to the approval of the general meeting. Also, the shareholders individually or jointly representing at least 5% of the share capital have the right to request the convening of the general meetings of shareholders and/or the supplementation of the meetings' agenda.

During 2022, three general meetings of shareholders took place, i.e., the Extraordinary General Meeting of 28.01.2022, the Extraordinary General Meeting of 28.04.2022 and the Ordinary General Meeting of 28.04.2022.

The Company published on its website, in section *Investor Relations/Shareholder Meetings*, in Romanian as well as in English, all documents required for informing the shareholders and exercising the rights to vote in the General Meetings of Shareholders, namely: convening of general meetings, draft resolutions

of general meetings, documents related to agenda, voting procedures, special power of attorney forms, ballot paper forms, statement of voting rights, resolutions of the General Meetings of Shareholders, including the detailed voting result.

In case the shareholders claim breaches of their rights, the Company undertakes to make all efforts to settle the claims quickly and efficiently, and shareholders to be treated in a professional, correct and non-discriminatory manner. In this respect, the Company makes available to shareholders, on its own website, the [Procedure regarding the submission and settlement of petitions](#), as well as the [Online Petition Form](#).

VI. Information Security

Starting with 2012, Transilvania Investments implemented a certified Information Security Management System, which was recertified in 2021 in accordance with a new standard, i.e., ISO/IEC 27001:2013 (SR ISO/CEI 27001:2013), as subsequently amended and supplemented.

The Company drafted an information security policy whose purpose is to establish the requirements for the general framework of information security and IT&C system in Transilvania Investments.

Transilvania Investments has an Integrated Information System which provides support for the optimal operation of all processes in the organization, providing the information security, integrity, confidentiality and availability, as well

At the Company level, a Unique Petitions Registry is created, which is administered by the Compliance Officer, registering the petitions received by the Company and the way petitions had been settled.

According to the legal provisions, the Company quarterly sends to the F.S.A. an electronic copy of the Unique Petitions Registry. During 2022, the Company recorded two petitions which had as object matters the payment of dividends to heirs and publishing of the detailed statement of the own shares buy-back transactions, petitions which were settled in accordance with the Company's procedure regarding the settlement of petitions.

as business continuity, in accordance with the legal provisions in force and specific operating procedures.

The information security policies consider at least: (i) human resources security, (ii) physical and environmental security, (iii) operations and communications management.

The procedures implemented at the Company level regarding information security consider at least: (i) information classification, documents operational flow, (ii) equipment security, (iii) information security incidents management, access control, (iv) data recovery after disaster and business continuity, (v) keeping the records of financial instrument transactions.

VII. Personal Data Protection

Personal data processing is carried out in compliance with the legal requirements, namely Regulation (EU) 2016/679 *on the protection of natural persons regarding the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC* (General

Data Protection Regulation – GDPR) and the applicable national laws, including Law no. 190/2018 *on measures for applying Regulation (EU) 2016/679*. The processing takes place under conditions that ensure the security,



confidentiality and observance of the data subjects' rights.

Transilvania Investments processes personal data in order to fulfil its legal and contractual obligations and only as exception in case the consent of the subject is required, cases when the company acts according to the legal provisions.

Transilvania Investments does not process special categories of personal data, as they are defined in Regulation EU no. 679/2016. There is no automated individual decision-making process in the company, including profiling, in relation to data subjects.

The personal data processing procedures applicable at the Company level according to the GDPR requirements refers to: (i) processing of shareholders' personal data, (ii) processing of personal data in the course of human resources activities, (iii) processing of personal data in the course of monitoring insiders' transactions, of the persons included in the list of persons who have access to inside information and in the list of persons discharging managerial responsibilities and of those closely associated

with them, (iv) processing of personal data related to transactions concluded by the company, inclusively from observing the regulations on anti-money laundering, terrorism financing and applying international sanctions, (v) processing of personal data in the course of sponsorship activities, (vi) processing of personal data in the course of corporate events organized by the Company.

The Company appointed a Data Protection Officer and published their contact information on the company's website and communicated them to the National Authority for the Supervision of Personal Data Processing. Data subjects can contact the Data Protection Officer for all matters related to the processing of their personal data and exercising their rights. The Company also published on its own website the [Policy regarding the personal data processing](#) and a [Shareholder information regarding the personal data processing](#).

During 2022, no breaches by the Company of data subjects' rights have been notified or claimed.

VIII. Human Rights, Diversity, Antidiscrimination, Gender Equality

Upon employment and on establishing individual rights, the Company guarantees equal opportunities and treatment for all candidates to a position in the Company and for all its employees, without direct or indirect discrimination based on race, nationality, ethnicity, language, religion, social category, beliefs, gender, sexual orientation or any other criterion with the purpose or effect of restricting or removing recognition, use or exercising of rights arising from the collective employment contract of the Company.

The Company, in its capacity as an employer, recognizes each of its employee's freedom of opinion.

IX. Human Resources

At the end of 2022, the Company had 38 employees, of which 34 employees with university degrees and 4 employees with secondary education.

Employees perform their activity based on collective employment contract, individual employment contracts, internal regulation, job descriptions and internal procedures.

The Company gives a particular importance to the professional training of its employees, with the two components – continuous professional training and professional development, as part of the Company's general development strategy. This activity is conducted based on professional training and development plans, implying the participation of employees to conferences, seminars, courses, as well as supporting them in their personal efforts for professional training.

Among employees with higher education, one employee has a PhD in Law, part of them owns international certifications and an important part studied or is studying postgraduate and master studies in fields such as: financial-banking management, accounting, internal audit, financial analysis, valuation, business administration, finance-banks-capital markets, business law, human resources management, cybernetic security. A part of the employees with university degrees attended also during 2022 continuous professional training programs, for the purpose of developing professional skills and increasing performance.

Thus, in 2022, the Company's employees participated in professional training programs such as: the continuous improvement program in the field of evaluation (organized by ANEVAR), accounting and auditing (organized by CECAR or ASPAAS), courses on the prevention of money laundering, combating fraud, risk management, courses and certifications in project management, Business Intelligence and Data Analyst and EGS (organized by CFA or IASE).

At the same time, the members of the Executive Board and the staff in key positions attended continuous professional training programs provided by the legal regulations, as well as a series of seminars and conferences in the field of capital market.

In 2022, in order to meet the obligations on continuous professional training and development, established by the F.S.A. regulations, all members of the Executive Board and Supervisory Board participated in the program *“Continuous professional training and development for management positions 2022”*, organized by AS Financial Markets, during 28 September 2022 - 8 November 2022. Moreover, Mr. Radu-Claudiu Roşca and Mrs. Stela Corpacian attended the educational event *“Summer School-Capital Market, 2nd edition”*, held by the Institute of Financial Studies, on 21-22 June 2022, and Mr. Theo-Dorian Buftea attended the program *“Corporate governance creating value”*, organized by ENVISIA together with B.S.E., during June-November 2022.

The Company does not have a trade union, the employees are represented in the negotiation of the collective employment contract by a representative elected by the employees, according to the law.

Transilvania Investments promotes and supports the diversity within the management structures in terms of education and practical and professional experience, gender, age, geographic origin and provides equal chances and fair treatment in terms of the access to a position in the management structure.

The management structure of Transilvania Investments (Supervisory Board and Executive Board) is diversified in terms of age, education and professional experience. The candidates nominated for the position of members of the Supervisory Board and Executive Board are assessed against the competence and professional experience, integrity, good



reputation and governance criteria, as provided by the legal regulations in force at the date of nomination; the Company does not require the candidates to meet any age or gender-related criteria.

According to the provisions of the F.S.A. Regulation no. 2/2016 *on applying the corporate governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority*, the Company has an internal procedure on warning and notifying staff suspicions on the way the company activity is managed, based on which the employees may notify the Audit Committee within the Supervisory Board about real and significant suspicions on the way the company business is managed. During 2022, the Audit Committee did not receive such notification from the Company's staff.

Work Conditions, Health and Security in the Workplace

Transilvania Investments takes all necessary measures to provide the security and health protection of employees, prevention of professional risks, informing and training employees and providing the organizational environment and necessary means for occupational health and security.

The Company must provide all conditions provided by law for the purpose of actively monitoring the employee's health in relation to the workplace requirements and related risk factors. The Company's employees are insured for workplace accidents and professional disease risks, according to the law.

In order to ensure the monitoring of employees' health condition, the Company organizes occupational medicine services, in collaboration with an authorized occupational medicine medical office. At the same time, the company provides employees with private medical services insurance, based on a contract concluded with a medical services provider.

X. Remuneration Policy

Transilvania Investments' Remuneration Policy was drafted in compliance with the provisions of Law no. 74/2015 on alternative investment funds managers, E.S.M.A. Guidelines 232/2013 and Law no. 24/2017 on issuers of financial instruments and market operations. The remuneration policy was approved by the Ordinary General Meeting of Shareholders and it is available on the Company's website, in section [Corporate Governance](#), together with the shareholders' voting results.

The remuneration policy describes the formal approach used by Transilvania Investments to establish the remuneration of staff categories whose professional activities significantly impact its risk profile (identified staff).

The purpose of this policy is to provide a transparent overview of the remuneration principles and methods used by Transilvania Investments, the Company promoting a management by objectives system. The

Company places the remuneration and motivation of identified staff to achieve objectives in the centre of its long-term strategy, given that it operates in a very competitive market.

In accordance with the remuneration policy, the remuneration structure is comprised of fixed (basic) remuneration, variable remuneration and /or other benefits.

Fixed remuneration mainly consists of salaries or indemnities granted in accordance with the management/mandate agreements and it is not conditioned by the fulfilment of certain performance criteria.

Variable remuneration is an additional payment or indemnity paid by the Company by considering performance criteria, being intended to recognize the performance of the identified staff within a certain period and it is a differential element of the remuneration

package. The performance is assessed in a multi-annual framework in order to ensure that the assessment process is based on long-term performance results. In the process of assessing the individual performance, both *quantitative (financial) criteria* and *qualitative (non-financial) criteria* are considered.

The Company publishes in its annual reports and financial statements information regarding the remuneration granted to the members of the Executive Board and Supervisory Board.

The Company published in the [2022 Annual Report](#) information on the total remuneration paid by Transilvania Investments in 2022 to employees, persons holding management positions and persons whose professional

activities have a material impact on the A.I.F.M.'s risk profile. The 2022 Annual Report is available on www.transilvaniainvestments.ro, section [Investor Relations/Reports](#).

At the same time, the Company published the information on the remuneration paid in 2022 to the members of the Supervisory Board and Executive Board within the 2022 Remuneration Report, which was submitted to the consultative vote of shareholders during the Ordinary General Meeting of Shareholders of 24.04.2023, in accordance with the provisions of Law 24/2017 on issuers of financial instruments and market operations. The 2022 Remuneration Report is available on the Company's website, section [Corporate Governance](#).

XI. Preventing Money Laundering, Fighting Corruption and Bribe

Transilvania Investments policy in the matters of preventing and fighting money laundering and terrorism financing aims to meet all legal requirements and take all reasonable measures to prevent engaging the company in money laundering or terrorism financing operations. It also concerns internal procedures and mechanisms for the enforcement of international sanctions.

Transilvania Investments makes its own risk assessment through which it identifies, evaluates and manages money laundering/terrorism financing risk on both the level of customers and services and products provided by them, and at the level of the entire activity performed by the Company, with the purpose of properly understanding and managing this risk to which the company may be exposed.

The internal procedure regulates how the provisions of the following enactments are applied on Transilvania Investments level: Law no. 129/2019 on preventing and combating money laundering and terrorism financing, as well as for amending and supplementing some

legislative acts, as subsequently amended and supplemented, F.S.A. Regulation no. 13/2019 on the establishment of measures to prevent and fight against money laundering and terrorism financing through financial sectors supervised by the Financial Supervisory Authority, subsequently amended and supplemented, Emergency Government Ordinance no. 202/2008 on the enforcement of international sanctions, subsequently amended and supplemented, F.S.A. Regulation no. 25/2020 on supervising the enforcement of international sanctions by the Financial Supervisory Authority and the entities regulated by it.

The procedure is prepared based on the assessment of money laundering/terrorism financing risks in Transilvania Investments activity, as well as the risks derived from the application of international sanctions, corresponding to the nature and volume of the activity conducted by the Company and considering the regulations, prudential requirements and sectorial instructions.



Transilvania Investments is fully committed to conducting its business with integrity and transparency, in which sense the members of the management and supervisory structures and Company employees are forbidden to pay or offer bribe or financial incentives of any kind, inclusively to civil servants, employees of state-owned or state-controlled companies, as well as

in any transactions made by the company. At the same time, requesting or accepting bribes or financial incentives is strictly forbidden.

XII. Activity Impact on the Environment

The Company's exclusive activity object consists of activities specific to closed-end investment companies, the main activity field according to NACE Code being 649 – *Other financial service activities, except insurance and pension funding*. Therefore, the Company's activity has no significant impact on the environment. However, Transilvania Investments is permanently concerned about environment protection matters.

In this respect, the Company has already successfully implemented selective waste collection. Wastes are sorted by hazardous and non-hazardous type, including WEEE, and then they are delivered for capitalization to specialized companies.

Utilities consumptions are constantly tracked, and the investments in buildings, installations and related equipment are made considering the impact they have in decreasing such consumptions.

Reduction of electricity consumption was also made by replacing computing equipment and lighting sources with new ones, with low consumption. Also, the reduction of natural gas consumption was achieved by judicious use of heated spaces during the cold period and by automating the operation of the thermal plant. A 40% reduction in energy consumption (MWh) was thus obtained.

In order to protect the environment, as part of Transilvania Investments' responsible development policy, the Company considers the Romanian laws in force, as well as the European rules regulating policies on working environment protection, management of waste resulting from activity and protecting working areas.

The Company adopted procedures that regulate the methods of recovering and recycling of waste resulting from the current activity. Considering the specifics of the Company's activity, the waste resulting from the activity carried out is mainly paper waste. Paper waste is stored by the employees in special areas, and the premises administrator periodically ensures their evacuation, in order to use this waste for recycling.

Following the implementation of the internal procedures, for the purpose of reducing unnecessary paper consumption and digitalization of internal processes, the paper consumption decreased significantly in 2022.

XIII. Social Responsibility

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

The Social Responsibility Policy is available on the www.transilvaniainvestments.ro website section "Corporate Governance".

In 2022, Transilvania Investments carried out sponsorship and patronage activities which consisted in providing financial and material support, directly or through specialized associations and foundations, for the following purposes: facilitating specialised medical treatment in Italy for a minor child with health problems, sponsoring charitable projects organized for the benefit of people diagnosed with cancer, organising charity events for minors in social centres, supporting the operation of a home for the elderly, supporting school

associations and clubs by funding educational innovation activities, for the purchase of specific equipment and parts, providing financial support to hockey, kayaking, chess and bowling associations and clubs, for the purchase of equipment and attending competitions, providing support for organising cultural events, sponsoring and organising, in partnership with the Institute of Financial Studies and the Fund Managers Association, conferences and summits on financial and legal issues, in Braşov and Bucharest, organizing events at the University of Timișoara and an international summer school in Tg. Mureş etc.

In total, in 2022, Transilvania Investments concluded 18 sponsorship contracts and a patronage contract, worth RON 328,759.

The Company gives great importance to employees' health, providing them with private medical services insurance, based on a contract concluded with a medical services provider.

XIV. ESG Aspects

According to the 2020-2024 Investment Policy Statement (I.P.S.) of Transilvania Investments, approved by the shareholders in December 2020 and subsequently reviewed based on the resolution of the Ordinary General Meeting of Shareholders of 28.04.2022, the Company aims to gradually implement 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 ESG risks are likely to materialize over a longer time horizon. It is important to acknowledge the fact that considering 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 in terms of use of resources, is essential to ensure long-term competitiveness. Business systems and models having the capacity to regenerate and thus to minimize the waste of resources can be designed, and Transilvania Investments wishes to be an active part in such constructions.

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 regarding the possibility of correctly and completely assessing the risks based on this information.

As the amount of available information regarding 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 its relevant policies and consider the legal criteria for environmentally sustainable economic activities.

The financial product referred to in this document (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), and also 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 current situation is



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

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 will 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.



Transilvania Investments

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