



**SIF BANAT-CRIȘANA**



# **Corporate Governance Regulation**

of SIF Banat-Crișana

# CONTENTS

---

	<i>page</i>	
<b>Ch. 1</b>	<b>GENERAL INFORMATION</b>	2
<b>Ch. 2</b>	<b>CORPORATE GOVERNANCE STRUCTURES. FUNCTIONS AND RESPONSIBILITIES</b>	5
2.1	Management System	5
2.2	General Meeting of Shareholders	5
2.3	The Board of Directors	6
2.4	Advisory Committees within the Board of Directors	9
2.5	Executive Management	10
2.6	Key Functions	14
<b>Ch. 3</b>	<b>CONFLICT OF INTERESTS AND THE MANAGEMENT THEREOF</b>	15
<b>Ch. 4</b>	<b>RISK MANAGEMENT</b>	22
<b>Ch. 5</b>	<b>COMPLIANCE</b>	27
<b>Ch. 6</b>	<b>INTERNAL AUDIT</b>	30
<b>Ch. 7</b>	<b>REMUNERATION POLICY</b>	32
<b>Ch. 8</b>	<b>SHAREHOLDERS' RIGHTS</b>	38
<b>Ch. 9</b>	<b>FINANCIAL REPORTING</b>	41
<b>Ch. 10</b>	<b>CORPORATE INFORMATION REGIME</b>	42
<b>Ch. 11</b>	<b>SOCIAL RESPONSIBILITY</b>	45
<b>Ch. 12</b>	<b>FINAL PROVISIONS</b>	47
 <b>ANNEXES</b>		
Annex 1	Glossary	

## Ch. 1 GENERAL INFORMATION

CORPORATE NAME	<b>Societatea de Investiții Financiare Banat-Crișana S.A.</b> (hereinafter referred to as “SIF Banat-Crișana” or “the Company”)
COMPANY TYPE	<ul style="list-style-type: none"><li>▪ joint stock company, Romanian legal entity with entire private capital, established as a self-managed investment company, authorized by the Financial Supervisory Authority as Alternative Investment Fund Manager (AIFM) - Authorization no. 78 / 09.03.2018, and as closed-ended alternative investment fund, diversified, addressed to retail investors (AIFRI) - Authorization no. 130 / 01.07.2021</li></ul>
REGISTRATIONS	<ul style="list-style-type: none"><li>▪ Number in Trade Register J02/1898/1992</li><li>▪ European Unique Identifier (EUID): ROONRC.J02/1898/1992</li><li>▪ Tax Identification Code RO 2761040</li><li>▪ Number in ASF AFIAA Register PJR07.1AFIAA / 020007 / 09.03.2018</li><li>▪ Number in ASF FIAR Register PJR09FIAR / 020004 / 01.07.2021</li><li>▪ Legal Entity Identifier (LEI) 254900GAQ2XT8DPA7274</li></ul>
MAIN ACTIVITY	<p>Main activity is, as per the classification of economic activities in the national economy (CAEN): financial intermediation, except for insurance and pension funds (CAEN code 64), and the main object of activity: Other financial intermediation n.c.a. (CAEN code 6499):</p> <ul style="list-style-type: none"><li>a) portfolio management</li><li>b) risk management;</li><li>c) other activities carried out within the collective management of an investment fund, allowed by the legislation in force, such as:<ul style="list-style-type: none"><li>(i) management of the entity: legal and accounting services of the company, requests for information from investors, valuation of assets, tax returns, monitoring of compliance with applicable law, record of holders of equity securities, distribution of income, issuance and redemption of equity securities, settlement of contracts, including issuance of certificates, record keeping;</li><li>(ii) distribution;</li><li>(iii) activities related to AIF assets: services required to perform the duties of AIFM management infrastructure management, real estate management, advising entities on capital structure, industrial strategy and related matters, consulting and services on mergers and acquisitions of entities, and other services related to the management of AIF and the companies and other assets in which it has invested</li></ul></li></ul>
TRADING MARKET	The company is listed since November 1, 1999, on the regulated market of Bucharest Stock Exchange (BVB) – Premium category - ticker <b>SIF1</b>
FINANCIAL AUDITOR	Financial auditor, legal entity that was the subject of the notification by the ASF, appointed in accordance with the legislation and regulations in force concerning the activity of the Company
DEPOSITARY BANK	Credit institution in Romania authorized by BNR (The National Bank of Romania) in accordance with the banking legislation and registered in the ASF Public Register as an intermediary or branch in Romania of a credit institution authorized in a Member State as a depositary, selected in accordance with the legislation and regulations in force concerning the activity of the Company
SHARES AND SHAREHOLDERS' REGISTRY	The Central Depository, a legal person authorized to operate in Romania, registered in the ASF Registry and notified to ESMA in accordance with the provisions of Art. 21 of Regulation (EU) No. 909/2014.
HEADQUARTERS	<b>Arad</b> , 35A Calea Victoriei 310158, Romania EMAIL <a href="mailto:sifbc@sif1.ro">sifbc@sif1.ro</a> WEB <a href="http://www.sif1.ro">www.sif1.ro</a>
BRANCH OFFICES	<b>Bucharest branch</b> – unincorporated entity carrying on the same activity as the parent company

SIF Banat-Crișana operates in a competitive environment in which the conduct of business in an honest and professional manner and the observance of the legal requirements are mandatory attributes of a responsible company.

SIF Banat-Crișana is committed to maintaining and developing best corporate governance practices to ensure an effective decision-making process leading to the long-term viability of the business, achieving the company's goals and creating sustainable value for all stakeholders (shareholders, management, employees, partners, authorities).

In line with best corporate governance practices, the company's management is conducted in a climate of openness, based on the honest dialogue between executive management and the Board of Directors, as well as within each of these bodies. The Company's administrators (members of the Board of Directors), executive managers (directors) and employees have assumed the duty of diligence, accountability, and loyalty to the company, to take decisions in the Company's interest and increase its value, having in view the legitimate interests of all stakeholders.

SIF Banat-Crișana, the management and the employees will continue to increase and maintain high levels of business ethics and personal integrity in all business interactions and transactions.

SIF Banat-Crișana has adhered to the Corporate Governance Code of the Bucharest Stock Exchange. To maintain its competitiveness in a very dynamic environment, SIF Banat-Crișana develops and adapts its corporate governance practices to comply with the new requirements and seize the new opportunities.

As per the provisions of the ASF Regulation no. 2/2016 and considering that implementing of good corporate governance practices has a key role to play in increasing investor confidence and improving the performance and competitiveness of companies, the Board of Directors decided to revise the Corporate Governance Regulation of SIF Banat-Crișana.

The Corporate Governance Regulation is published on SIF Banat-Crișana's website, [www.sif1.ro](http://www.sif1.ro)

SIF Banat-Crișana has adopted the appropriate measures for the application of a corporate governance system that ensures sound, efficient and prudent management based on the continuity of business in accordance with the regulations issued by the Financial Supervisory Authority.

The corporate governance system applied observes:

- ensuring a transparent and adequate organizational structure;
- adequate allocation and proper separation of responsibilities;
- proper risk management;
- adequate policies and strategies, as well as internal control mechanisms;
- providing an efficient communication and information transmission system;
- application of robust operational procedures to prevent the disclosure of confidential information.

SIF Banat-Crișana applies and maintains appropriate policies and procedures to ensure that the board members, senior executives / senior management, and persons holding key functions hold professional competence and expertise and consistently meet the requirements of good repute and integrity, according to the regulations in question.

The main normative acts governing SIF Banat-Crișana's activity:

- Law no. 24/2017 on issuers of financial instruments and market operations;
- Law 31/1990R on trading companies, republished with subsequent amendments and completions;
- Law no. 74/2015 on Alternative Investment Fund Managers;
- Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts (AIF Law)
- ASF Regulation no. 2/2016 on the application of the principles of corporate governance by entities authorized, regulated and supervised by the Financial Supervisory Authority;
- ASF Regulation no. 9/2014 on the authorization and operation of investment management companies, undertakings for collective investment in transferable securities and depositaries of undertakings for collective investment in transferable securities;
- ASF Regulation no. 10/2015 on the management of alternative investment funds;
- ASF Regulation no. 7/2020 on the authorization and operation of alternative investment funds;
- ASF Regulation no. 1/2019 on the evaluation and approval of the members of the management structure and of the persons holding key positions within the entities regulated by the Financial Supervisory Authority;
- ASF Regulation no. 5/2018 on Issuers of Financial Instruments and Market Operations;
- EC and EU Regulations affecting the operation of the company as an AIFM, as an AIF and as issuer listed on the capital market: Directive 2011/61 / EU on alternative investment fund managers, EU Reg. no. 231 / 2013, EU Reg. no. 679/2016, EU Reg. no. 596/2014, EU Reg. no. 2017/1129, EU Reg. no. 2019/979, EU Reg. no. 2019/980, Reg. EU 2019/2088;
- Capital Market Regulations (EU Directive 2011/61/EU on Alternative Investment Fund Managers, EU Reg. No 231/2013, EU Reg. 679/2016, EU Reg. 596/2014);
- Accounting Law 82/1991, republished;
- Law no. 227/2015 regarding the Fiscal Code;
- Rule no. 39/2015 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to entities authorized, regulated and supervised by the Financial Supervision Authority of the Financial Instruments and Investments Sector;
- Rule no. 4/2018 on the management of operational risks generated by computer systems used by authorized / registered / registered entities, regulated and / or supervised by the Financial Supervisory Authority;
- SIF Banat-Crișana's Articles of Association;
- Bucharest Stock Exchange Rulebook;
- Other normative acts having impact Company's activity and its organization and operation.

## Ch. 2 CORPORATE GOVERNANCE STRUCTURES. FUNCTIONS AND RESPONSIBILITIES

---

### 2.1 Management System

As per the provisions of its Articles of Association, SIF Banat-Crișana is managed on a unitary basis, this being able to ensure the efficient functioning of the Company and in accordance with the objectives of good corporate governance and the protection of the interests of its shareholders.

If SIF Banat-Crișana adopts a dualistic management system, the provisions of this Corporate Governance Regulation will be adapted accordingly, in full compliance with the objectives of good corporate governance, transparency of information and protecting the investors and the market.

### 2.2 General Meeting of Shareholders

The supreme governing body of SIF Banat-Crișana is the General Meeting of Shareholders (GMS).

The general meetings are ordinary and extraordinary. The Ordinary General Meeting shall meet at least once a year within four months of the end of the financial year. The extraordinary general meeting is convened whenever needed. The powers of the general meeting of shareholders are stated in the Articles of Association and comply with the legal provisions in force.

The "Articles of Association" is published on SIF Banat-Crișana's website, [www.sif1.ro](http://www.sif1.ro).

The decisions of the general meeting are taken by open vote or by secret ballot. Secret ballot is mandatory for the election of the Board of Directors and the appointment of the financial auditor and for their revocation, and for decisions regarding the liability of the administrators. The decisions taken by the general meeting within the limits of the law and the Articles of Association are also mandatory for shareholders who have not taken part in the meeting or voted against.

The General Meeting of Shareholders is presided by the Chairman of the Board of Directors, and in the absence thereof by the Vice-Chairman. The proceedings of the meetings are recorded by the secretariat elected by the GMS. The minutes of the meeting shall be recorded in a special register.

General Meetings are convened by the Board of Directors at least 30 days before the scheduled date for the occurrence.

The Board of Directors approves procedures for the orderly and efficient organization and conduct of GMS works, in accordance with the relevant legal provisions and ASF regulations. The participation and voting procedures in the GMS are made available to shareholders at the Company's headquarters and published on the SIF Banat-Crișana website ([www.sif1.ro](http://www.sif1.ro)), together with the informative materials and documents related to the general meeting: Convening Notice, the informative materials and documents subject to GMS' debates and approvals, special empowerment forms and correspondence voting forms, resolutions adopted by the GMS and the result of voting for each topic on the agenda.

The Board of Directors takes all due diligence to ensure fair treatment of all Company shareholders, irrespective of the number of shares they hold, including non-resident shareholders, by providing them with relevant and up-to-date information to enable them to exercise their rights in a fair manner.

## 2.3 The Board of Directors

SIF Banat-Crișana is administered by a Board of Directors comprised of 5 members, elected by the shareholders' general meeting for a term of office of four years, with the possibility to be re-elected.

The Board of Directors has decision-making powers regarding the management of the Company in the interval between the general meetings of shareholders, except for the decisions that the law or the Articles of Association provide exclusively for the general meeting.

The members of the Board of Directors must cumulatively meet the general conditions provided by SIF Banat-Crișana's Articles of Association, Law no. 31/1990 on trading companies, supplemented by those established by Law no. 74/2015, Law no. 24/2017 and the Financial Supervisory Authority (ASF) regulations.

Members of the Board of Directors are approved in those positions by ASF following their election by the general meeting of shareholders.

The Board of Directors elects from among its members a Chairperson and a Vice-Chairperson. By the Articles of Association, the Chairperson also holds the position of General Director (CEO) of the Company. The responsibilities of the Chairperson and the Vice-Chairperson are established by SIF Banat-Crișana's Internal Regulations, approved by the Board of Directors, and notified to ASF.

The structure and composition of the board of directors of SIF Banat-Crișana is in line with the requirements of the applicable law, so that the Company can effectively fulfil its obligations.

The structure of the Board of Directors of SIF Banat-Crișana ensures a balance between executive and non-executive members, so that the decision-making process of the Board cannot be dominated by a person or a small group of people.

A sufficient number of members of the Board of Directors are independent administrators. The Board will annually assess the independence of its non-executive members.

The Board of Directors has a number of members that guarantee the efficiency of its ability to supervise, analyse and evaluate the activity of directors, as well as the fair treatment of shareholders.

The structure of the Board of Directors is balanced, allowing the body to make knowledgeable decisions. The decision-making process is a collective responsibility of the Board, which will be held jointly responsible for all decisions taken in the exercise of its powers.

The members of the Board of Directors have the necessary knowledge, skills and experience to understand the Company's activities, the risks associated with these activities as well as the financial instruments in which SIF Banat-Crișana invests.

The members of the Board of Directors will permanently update their competencies and improve their knowledge of SIF Banat-Crișana's activities and best practices of corporate governance in order to fulfil their role both within the board and, where appropriate, in the advisory committees.

The delegation of the board's responsibilities to the executive / senior management is carried out in accordance with the provisions of the Law no. 31/1990 on trading companies, republished, as subsequently amended and supplemented, and the specific legislation applicable to the Company.

The Board of Directors is responsible for the Company's strategic management, the achievement of the established objectives and the business plan, and it is required, based on formal and transparent provisions, to conduct the assessment of the Company's financial position.

The Board of Directors has the obligation to establish relevant criteria for monitoring the performance of executive management / senior management and SIF Banat-Crișana as a whole and to assess annually how the criteria are applied.

The activities of SIF Banat-Crișana and its development prospects are reviewed at least once a year by the board of directors.

The Management Board is responsible for ensuring that there is an appropriate framework for verifying how specific legislation on reporting to ASF is applied.

The Board of Directors may establish with the Financial Auditor a formal and transparent framework through which to provide accurate, complete, and timely information on how financial reporting principles and practices, including prudential reporting, are applied.

The Board of Directors has the responsibility to ensure that there is an appropriate framework for verifying the information submitted to ASF upon its request regarding certain actions taken by the Company.

The Board and executive management / senior management, as appropriate, regularly reviews the financial reporting, internal control and risk management policies adopted by the Company. SIF Banat-Crișana periodically reviews the internal policies and procedures regarding financial reporting, internal audit, internal control / compliance checking and risk management system to align them with possible legislative changes, as well as for the operational improvement of internal systems.

The Board regularly reviews the effectiveness of the internal control system and the update method to ensure the rigorous management of risks to which the Company is exposed.

The Board ensures compliance with the requirements for outsourcing / delegating operational activities or functions, both before and during outsourcing / delegation.

Outsourcing/delegation of certain operational activities or functions is done only complying with the specific legislation and under the conditions that it will not have any of the following consequences:

- significant deterioration in the quality of the Company's governance system;
- unjustified increase in operational risk;
- impossibility of ASF to monitor the Company's compliance with its obligations;
- obstruction of providing continuous and quality services to consumers of financial products.

The Board of Directors examines and establishes the Company's remuneration policy so that it meets the business strategy, long-term objectives and interests and includes measures to prevent conflict of interests, which is submitted for the approval of SIF Banat-Crișana's general meeting of shareholders, as per law.

The Board of Directors shall ensure that all remuneration commitments are correctly and responsibly structured and that the remuneration policies allow and promote an effective risk management without risk-taking that exceeds the risk tolerance level of the regulated entity.

The remuneration policy is established based on a substantiated analysis of the individual performance of the remuneration correlated with collective performance, of a judicious allocation of the expenses of the regulated entity, where possible, and avoiding the establishment of incentives to encourage excessive risks.

The level of remuneration shall be determined in strict accordance with the responsibilities and commitments associated with the tasks.

Administrators are remunerated for their work, as approved by the general meeting of shareholders.

The board of directors, the executive management/senior management, as appropriate, are required to communicate with stakeholders based on a communication strategy that meets at least the following requirements:

- ensuring a fair treatment for shareholders and stakeholders;
- transmitting information in a timely manner;
- providing a transparent communication framework.

The Board of Directors' core responsibilities regarding the application of the principles of corporate governance are set out in Company's Articles of Association and broadened in the Company's internal policies and regulations.



Relevant aspects in relation to the application of corporate governance principles during the financial year are detailed in the Annual Report under a chapter on corporate governance. The Annual Report is accompanied by the Company's Statement on the Application of the Principles of Corporate Governance under the ASF Regulation 2/2016, and the Statement of Compliance with the Provisions of the Corporate Governance Code issued by BVB (BSE).

The Board of Directors has the responsibility to ensure the establishment and enforcement of corporate governance principles with respect to, but not limited to:

- the strategic management of the company and the fulfilment of the established objectives;
- elaborating the business plan of the company and assessing its financial position;
- ensuring the existence of an appropriate framework for verifying the information transmitted to the regulatory and supervisory entity, upon its request, on certain actions undertaken by the company and verifying the application of the specific legislation on reporting to the regulatory and supervisory entity;
- adequacy, efficiency and updating of the risk management system;
- adequacy, efficiency and updating of the internal control - compliance system so as to ensure its independence from the operational organizational structures and support structures within the company;
- compliance with the requirements for outsourcing / delegating some operational activities or functions;
- establishing and analysing the remuneration policy so as to ensure that all remuneration commitments are correctly and responsibly structured, and that the remuneration policy allows and promotes effective risk management without risk-taking that goes beyond tolerance company risk;
- establishing a communication strategy with stakeholders that observes the applicable legal requirements;
- establishing the relevant criteria for monitoring the results of executive management and company as a whole, and annually assessing how the criteria are applied;
- approving the appetite and limits of risk tolerance of the company as well as the procedure for identifying, evaluating, monitoring, managing and reporting the significant risks to which the company is or may be exposed;
- ensure the development and implementation of clear action plans to ensure business continuity and emergency situations and their half-yearly assessment to eliminate or minimize risks;
- ensure the development of ethical and professional standards to ensure professional and responsible behaviour at the society level in order to prevent the emergence of conflict of interests.

The Board of Directors has the following core competencies, which cannot be delegated:

- establishing the key lines of activity and development of the company;
- establishing the accounting policies and the financial control system, as well as the approval of the financial plan;
- appointment and revocation of directors appointed under Law no. 31/1990 and setting their remuneration, within the limits approved by the general meeting of shareholders;
- supervising the managers' activity;
- preparation of the annual report, organization of the general meeting of shareholders and implementation of its decisions;
- introducing the application for the opening of the insolvency procedure of the company.

The Board of Directors shall meet once a month or whenever necessary, at the call of the Chairperson or, in the absence thereof, of the Vice-Chairperson. The Board may also be convened on a reasoned request of at least two of its members, provided that the topics included in the request for inclusion on the agenda fall within the remit of the Board.

The Chairperson presides the meetings. In case of the absence of the Chairperson, the works are led by the Vice-Chairperson.

For the validity of decisions of the Board of Directors, at least half of the members must be present. Members of the Board may participate in Board's meetings by electronic means, telephone, teleconference, videoconference, and that will be mentioned in the minutes of the meeting.

Decisions of the Board of Directors shall be taken by a majority of the present members. In case of parity of votes, the chairperson of the board of directors, respectively the vice-chairperson, in case of a reasoned absence of the chairperson, will have the decisive vote.

The members of the Board of Directors have access to all information regarding SIF Banat-Crișana's activity and operations which are necessary or can assist them in the decision-making process and to efficiently fulfil their duties within the board.

Candidates for positions of administrator (members of the Board) are nominated by current members of the board of directors or by shareholders.

Board members are elected by the general meeting of shareholders for a four-year term of office at most, with the possibility of being re-elected. The election of the members of the Board of Directors is an official, rigorous and transparent procedure that complies with the statutory and legal provisions and with the regulations of the Financial Supervisory Authority in the matter.

In the case of one or more vacation of administrators' position, the other directors shall appoint temporary administrators until the assembly of the general meeting. The period for which an administrator is appointed to the vacancy will be equal to the remaining time until his predecessor's term of office expires.

## 2.4 Advisory Committees within the Board of Directors

The Board of Directors may set up advisory committees comprised of its members, responsible for conducting investigations and drafting recommendations for the Council. The Board of Directors establishes the duties and responsibilities of these committees and are included in the Internal Regulations of the Company.

### The Audit Committee

The Audit Committee shall be comprised of at least three non-executive members of the Board. The Chairperson of the Committee is an independent non-executive member. At least one member of the audit committee must have competence in accounting or auditing and hold the regulated qualifications and certifications.

The Audit Committee assists the Board of Directors in fulfilling its responsibilities in the areas of financial reporting, internal control, and risk management. It supports the Board of Directors in monitoring the credibility and integrity of financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting standards applied by the Company.

Main duties and responsibilities:

- monitoring the financial reporting process;
- monitors and evaluating the effectiveness of internal control, internal audit and risk management systems within the Company; ensuring that the audits carried out and the audit reports drawn up are consistent with the audit plan approved by the Board of Directors;
- monitoring the statutory audit of financial statements prepared by the Company in accordance with the applicable legal provisions, as well as any reports prepared at the request of shareholders;
- verifying and monitoring the independence of the statutory auditor or audit firm and, in particular, providing additional services to the Company;
- making recommendations to the Board of Directors regarding the selection, appointment or replacement of the financial auditor, as well as the terms and conditions of its remuneration;

- assessing possible conflict of interests concerning Company's transactions with affiliated parties;
- any other matters that are the responsibility of the audit committee according to the Company's Articles of Association, internal regulations and the Corporate Governance Code;
- the Audit Committee meets whenever necessary but at least twice a year to review the audit report and / or the opinion of the independent financial auditor on the key issues arising from the financial audit, as well as with on the financial reporting process and recommends the necessary measures.

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee is a permanent committee, with advisory function, subordinated to the Board of Directors.

The Nomination and Remuneration Committee assists the Board of Directors in fulfilling its responsibilities for the nomination of candidates for management positions and their remuneration.

The Nomination and Remuneration Committee shall consist of at least two members elected from non-executive directors, subject to the condition of independence provided for by the Company Law.

During their mandate, the members of the Nomination and Remuneration Committee will not hold any functions, qualities or perform any transactions that may be considered incompatible with the mission of this Committee. The membership of the Nomination and Remuneration Committee does not prevent members from participating in the work of other Board Committees.

The Committee will meet regularly, at least twice a year, and whenever it deems appropriate.

Main duties and responsibilities:

- preparing and recommending guidelines for the selection of Board members, including criteria for assessing their independence;
- evaluating and proposing to the Board of Directors candidates for appointment, reappointment or revocation in / from the position of member of the Board;
- preparing the assessment of the performance of the members of the Board of Directors, using a self-evaluation process;
- evaluating, at least once a year, the independence of the members of the Board of Directors;
- verifying, at least once a year, the number of mandates held by the members of the Board of Directors and directors in other companies;
- submitting recommendations to the Board of Directors for the appointment or dismissal of key personnel and control personnel within the Company, as well as for determining the level of remuneration and their rights and duties;
- submitting proposals to the Board of Directors on the remuneration policy of executive and non-executive management members (including bonuses, incentives and stock option plans), ensuring that they are at the correct level, in accordance with the corporate governance rules, best market practices, aligned with the Company's strategy and performance, long-term shareholders' interests, using a balanced mix of incentives to attract, motivate and retain highly qualified experienced persons in leadership positions;
- analysing and formulating proposals to the Board's attention on the total annual variable remuneration package within the Company;
- formulating proposals to the Board regarding the development of the remuneration policy at Company level and reviewing the annual remuneration report.

## 2.5 The Executive Management

The Executive Management / senior management of SIF Banat-Crișana is provided by Directors (managers) appointed by the Board of Directors in accordance with the provisions of Company's Articles of Association and the applicable legislation in force, so that the management of the Company's day-to-day business is assured, at any time, by at least two persons.

The directors meet the conditions for the exercise of the functions established by articles of association, the law and the regulations issued by the Financial Supervisory Authority applicable to the Company and are approved in their positions by the Financial Supervisory Authority.

The directors are empowered to lead and coordinate the Company's current activity and are empowered to engage the responsibility of the Company.

The directors are responsible for the management and smooth running of SIF Banat-Crișana's activities, including for the implementation of policies, strategies and achieving the Company's objectives.

SIF Banat-Crișana makes sure that the members of the executive management / senior management (the directors) prove professional competence and relevant experience in accordance with the work carried out and appropriate to assigned duties, knowledge of the applicable legislation and good practices and that they have good reputation and integrity.

To perform their duties and exercise their competencies, the directors operate within a well-structured framework with specific, clearly defined objectives and in accordance with the specific legislation applicable to the Company.

The directors provide qualitative and quantitative information to the Board in a timely manner at the request of the Board or on their own initiative as a result of performing their tasks in an efficient and effective manner.

The directors are responsible for the completeness and accuracy of reports and other information regarding the Company's activity and financial position under the specific applicable law.

The directors ensure that information submitted to the Financial Supervisory Authority is available under the Company's specific legislation and the compliance with the reporting deadline.

Any change in the composition of executive management / senior management is subject to approval of the Financial Supervisory Authority.

The Executive Board of SIF Banat-Crișana is performed, according to the Articles of Association, the decisions of the Board of Directors and the regulations in force, by the Chairperson - General Director (CEO), Vice-Chairperson - Deputy General Director, Deputy General Director (Corporate Management) and Director.

The duties and responsibilities of Directors are set by the Board of Directors and are provided in the Company's Internal Regulations.

### Chairperson – General Director (CEO)

The Chairman is elected by the Board of Directors from among its members and, according to the Articles of Association, has the capacity of executive director, acting as General Director (CEO).

According to the provisions of Law no. 31/1990 on trading companies, the Board of Directors delegated some of its powers to the General Director (CEO) within the limits set by the law, the Articles of Association, and the decisions of the Board of Directors, except the powers reserved by the law and / or the Articles of Association for the general meeting of the shareholders and Board of Directors.

The Chairperson – General Director (CEO) has the following duties:

- coordinates the activity of Company's Board of Directors
- convenes the Company's Board of Directors, conducting the meetings and informing the Board about the work conducted between the meetings
- presides the GMS meetings
- provides direct and effective management of Company's business in accordance with the objectives set by the GMS
- represents the Company its relations with third parties
- ensures overall representation of the company in all legal relationships in which the company is or is about to be a part of.

- observes the implementation of the Company's strategy and organizational objectives
- convenes, coordinates, and presides as Chairperson the Investment Committee
- participates with veto power in the Investment Committee on the periodic preparation of the investment policy and the allocation of funds for financial investments, to the decision-making process regarding the investment and disinvestment proposals
- endorses and signs mandatory reports to the supervisory body, the regulated market on which the shares of the Company are traded, the shareholders, the Ministry of Finance, or other recipients, according to the legal regulations
- approves, signs, and observes monitors the implementation of Board of Directors' decisions
- approves and signs the documents on transactions with financial instrument
- approves the hiring, promotion, transfer, and dismissal of employees
- approves the proposals of the Deputy General Directors for the promotion, rewarding or sanctioning of subordinate staff
- coordinates, controls, and evaluates the work of the Company's employees
- may delegate some of the duties to other executives in his absence
- ensures optimal relationships with shareholders and partners of the Company
- issues decisions for the proper conduct of the Company's activity
- other duties established by the Board by decision or provided by law.

#### Vice-Chairperson – Deputy General Director

The Vice-Chairperson is elected by the Board of Directors from among its members, according to the Articles of Association. The Vice-Chairperson may act as executive administrator, with powers delegated by the Board of Directors, in accordance with the provisions of Law no. 31/1990, acting as Deputy General Director.

In the absence of the Chairperson General Director, the Vice-Chairperson takes the following duties in the capacity of Chairperson of the Board of Directors:

- presides the meetings of the Board of Directors of the Company and informs the Board of the activities performed between the meetings
- signs the Company's BoD Report
- signs the Convening Notice of the General Meeting of Shareholders
- signs the meeting minutes of the Board of Directors and the General Meeting of Shareholders
- presides the GMS meetings
- signs the resolutions of the Board of Directors and those of the General Meeting of Shareholders

As Deputy General Director, the Vice-Chairperson has the following duties:

- ensures, together with the Chairperson General Director and the other Directors appointed by the Board of Directors, the executive management of the company, according to the signature and decision-making powers approved by the Board of Directors
- ensures the general representation of the company in all legal relationships in which the company is or will be a party, in the absence of the Chairperson General Director, as well as in all and any of the situations in which it has been delegated by decisions of the Board of Directors.
- observes the fulfilment Board's decisions
- convenes, coordinates, and presides the meetings of the Investment Committee
- observing the implementation of Company's strategy and organizational objectives
- endorses and signs of mandatory reports to the supervisory body, the regulated market on which the shares of the Company are traded, the shareholders, the Ministry of Finance, or other recipients, according to the legal regulations
- approves and signs documents on operations with financial instruments
- approves the hire, promotion, transfer, and dismissal of employees, according to legal regulations
- coordinates, controls, and evaluates the work of the Company's employees
- ensures optimal relationships with shareholders and partners of the Company

- issues decisions for the proper conduct of Company's activity
- other duties established by the Company's Board of Directors by decision or provided by law.

## Deputy General Director – Corporate Management segment

### Duties and responsibilities:

- acts as Director appointed by the Board of Directors and ensures, together with the CEO, Deputy General Director and the Director, the executive management of the company, according to the signature and decision-making powers approved by the Board of Directors
- observes the implementation of the Company's strategy and organizational objectives
- coordinates the activities in the Corporate Management segment, respectively all the activities carried out by the Economic, Investor Relations and Reporting, Information Technology, Human Resources and Administrative offices
- coordinates the implementation of Board's resolutions and of the decisions and orders issued by the Chairperson CEO on the coordinated activity segment
- analyses and participates in the decision-making process of the Investment Committee regarding investment / disinvestment proposals
- coordinates the preparation and amendment of the documentation for company's authorization by the Financial Supervisory Authority in accordance with the legal provisions
- coordinates the preparation of mandatory to be submitted to the Financial Supervisory Authority, the Bucharest Stock Exchange, investors, and reporting in compliance with applicable law
- coordinates the preparation and amendment of the documentation for maintaining SIF Banat-Crișana at the stock exchange and ensuring the relationship with the market operator
- coordinates the preparation of Company's financial plan and the monitoring of complying with the budgeting approved by the GMS
- coordinates at the organization level the preparation of internal policies, rules and procedures and observes their implementation
- coordinates the implementation of an efficient internal and external communication system of the Company and the human resources strategy
- observes that the necessary technical and operational infrastructure for the proper functioning of the Company and the security and protection of the information systems is provided
- ensures an optimal relationship with Company's partners on the coordinated activity segment
- reports to the Chairperson - CEO and the Board of Directors on the work carried out
- other duties decided by the Chairperson - CEO and the Board of Directors.

## Director

### Main duties and responsibilities:

- acts as director appointed by the Board of Directors and ensures, together with the CEO, the Vice-chairman Deputy General Director and the Deputy General Director, the executive management of the Company, in accordance with the signature and decision-making powers approved by the Board of Directors
- observes the implementation of Company's strategy and organizational objectives
- coordinates the activities in the legal segment and management of workout portfolio
- coordinates the implementation of Board's resolutions and of the decisions and orders issued by the Chairperson - CEO on the coordinated activity segment
- analyses and participates in the decision-making process of the Investment Committee regarding investment / disinvestment proposals
- coordinates the activity of representing the company's interests in courts or other bodies with jurisdiction, in the Constitutional Court and in any other institutions or authorities, based on the mandate received

- coordinates the activity of legal advice for the Board of Directors, Directors and for all the functional departments of the Company in the fulfilling or protection of the legitimate rights and interests of the Company
- coordinates the technical activities for adaptation and amendment of company's constitutive acts, with a view to submitting them for the approval of the GMS
- coordinates the activities for monitoring the lawfulness of the decisions adopted by the GMS of the issuers in the portfolio, the manner of their implementation and the identification of the appropriate legal means to protect the interests of the Company
- reports to the Chairperson - CEO and the Board of Directors on the work carried out
- other duties decided by the Chairperson - CEO and the Board of Directors.

## Investment Committee

The Investment Committee is a collective decision-making body on investment activity, consisting of Directors appointed by the Board of Directors. The Investment Committee is a structure in charge of analysing investment opportunities and placement of assets in line with investment strategies and competence limits approved by the Board of Directors.

The Chief Executive Officer is the Chairperson of the Investment Committee and, as such, convenes, coordinates, and manages the work of this Committee. In his absence, these duties are taken over by the Deputy General Director.

Main duties of the Investment Committee:

- planning, developing and directing the Company's investment policy based on the general strategy approved by the Board of Directors and based on the legal regulations in force, to ensure maximization of the profitability of the portfolio of financial instruments;
- deciding, for the class of financial assets within the portfolio, the extent to which the allocation can be adjusted according to the opportunities and trends recorded on the financial market on the basis of the reports drawn up by the specialized personnel;
- analysing and approving investment projects within the limits of competence approved by the Board of Directors;
- proposes to the Board of Directors the allocation of the Company's assets in correlation with the regulations in force and makes necessary adjustments within the limits set by the Board of Directors;
- oversees investment risks, considering the approved risk strategies and appetite;
- performs other duties and responsibilities that can be assigned by the Board of Directors.

## 2.6 Key functions

Within SIF Banat-Crișana persons holding key positions are those persons whose duties have a significant influence on the achievement of the strategic objectives of the Company, which are not part of the management structure, fulfilling the duties of: (i) risk assessment and management; (ii) compliance; (iii) internal audit.

The attributions of the key functions are assigned according to the specific legislation applicable to SIF Banat-Crișana, to persons having competence and professional experience.

SIF Banat-Crișana applies internal procedures for assessing the good reputation and integrity of both its own staff from the key functions and the staff from key outsourced functions.

SIF Banat-Crișana includes in its internal procedures provisions on the transmission of the information necessary for the fulfilment of the key functions attributions.

The attributions and responsibilities of the persons holding key positions in SIF Banat-Crișana are presented below, in the chapters dedicated to Risk Management, Compliance and Internal Audit functions.

## Ch. 3 CONFLICT OF INTERESTS AND THEIR MANAGEMENT THEREOF

---

SIF Banat Crișana applies internal rules and procedures aimed at avoiding conflicts of interest, by implementing appropriate measures in relation to the nature, size and complexity of the activities carried out. To avoid potential conflicts of interest, the administrators and the directors of the company must comply with at least the following requirements, without being limited to them:

The members of the Board of Directors must meet the conditions provided by the Law 31/1990 – republished, and the capital market legislation and may not be members of the board of directors / supervisory board or directors / members of the board of directors of another AIFM / management companies of investments / investment companies or of the asset depository of SIF Banat-Crișana SA, must not be members of the board of directors / supervisory board of an SSIF (broker) with which SIF Banat-Crișana has concluded a financial intermediation contract and must not be employed or have any kind of contractual relationship with another SAI (investment management company) or with an investment company, with the exception of other entities belonging to the same group;

The directors of the company as well as the persons replacing them may not be members of the board of directors / supervisory board or directors / board members of another AIFM or of the custodian of SIF Banat-Crișana assets, must not be members of the board of directors / supervisory board, directors or members of the board of directors of a financial investment services company (SSIF, brokers) with which SIF Banat-Crișana has entered into a contract and must not be employed or have any contractual relationship with another AIFM, except for other entities belonging to the same group. Through the internal policies, rules, and procedures, as well as through the functional organization adopted, SIF Banat-Crișana considers that the relevant persons involved in the various activities that embroil a risk of conflict of interest to carry out these activities with an adequate degree of independence.

In the process of identifying potential and consumed conflicts of interest, the following aspects are considered, without limiting the enumeration:

a) the potential conflict of interest arises if there are indications of the existence of personal interests which, if a decision were to be taken, could lead to one of the following situations:

(i) that person or a close person could obtain a financial gain or avoid a financial loss, detrimental to the Company;

(ii) that person or a close person may have an interest in the outcome of a service or activity provided to SIF Banat-Crișana or another customer or in respect of a transaction carried out on behalf of the Company or another customer, interest which is different from the Company's interest in that outcome;

(iii) that person or a close person could benefit from a financial or other incentive to favour a company, detrimental to SIF Banat-Crișana;

b) the conflict of interests materialized results from the participation in taking a decision regarding which there is a personal interest, which led to the appearance of one of the situations provided in subsection a).

The internal policies, rules, and procedures to be complied with in SIF Banat-Crișana aim at ensuring the degree of independence necessary for the prevention and management of conflicts of interest.

SIF Banat-Crișana considers and balances the interests of all its subsidiaries and analyses how these interests contribute to the purpose and interests of the group as a whole in the long term.

The conflict management procedure sets out how conflicts of interest are handled and includes references to the stages of the process, the treatment applied, and the action taken in situations where the procedure is not complied with.



The internal procedure approved by the Board of Directors includes information on at least the following aspects:

- adequate separation of tasks such as the entrustment of activities likely to generate conflicting situations in the chain of transactions or services to different persons;
- entrust to different people the supervision and reporting responsibilities for activities that generate conflicts of interest;
- identification of persons who, outside the Company, may have a negative influence on the activities in question.

Conflicts of interest and potential interests are communicated to executive management / senior management in accordance with the applicable law and are managed and settled according to the approved procedure.

Consumed and potential conflicts of interest in which executive / senior management and key functions might be involved are also communicated to the Board in accordance with the applicable law and are managed and settled according to the approved procedure.

The Board of Directors ensures that appropriate internal warning procedures are functional in SIF Banat-Crișana to communicate real and significant suspicions of the hired personnel on how to manage the activity.

Internal procedures ensure the confidentiality of persons who communicate suspicions outside of normal reporting channels, such as through the compliance function or the internal audit function.

The warning means provided by the conflict management procedure can be used by all staff employed by SIF Banat-Crișana, the relevant information being made available to the executive management / senior management or the Board, as the case may be.

The Board of Directors, executive management / senior management and persons holding key functions ensure segregation of activities at the individual or company level and the application of internal policies / internal regulations to avoid direct or indirect conflict of interests having in view at least the following aspects:

- the allotment of additional attributions to the persons holding key positions shall be carried out in such a way that no conflict of interest arises, and the restrictions established by the specific legislation applicable to the Company are observed;
- prohibiting the participation of a person in a state of conflict of interests in the decision-making process related to the state of conflict.

If a conflict of interest is found, the Board of Directors and executive management / senior management are required to manage the situation to terminate or minimize the effects of conflict of interest by properly managing the situation.

Rules for avoiding conflict of interests within SIF Banat-Crișana

SIF Banat-Crișana is bound to prevent the occurrence of conflicts of interests and, if they occur, to ensure proper management and in the interest of its shareholders.

It may constitute a conflict of interests, without being limited to:

- transactions between the Company and companies with which it already has business relations;
- the private interest of a person (employee, administrator or director) is interfered with the interests of the Company;
- an insider is in a position to mark a profit or to avoid a loss to the Company's disadvantage;
- the insider has a financial advantage or other benefit on the basis of which he/she favours the interests of a third party at the expense of the Company;

By the internal policies, rules, and procedures, as well as the functional structure adopted, the Board of Directors seeks to ensure that the relevant persons involved in the various activities that encompass a conflict of interests risk carry out these activities with a degree of independence appropriate to the size and activities of the Company.

Internal policies, rules, and procedures to be respected within the Company to ensure the degree of independence required to prevent and manage conflict of interests:

- avoiding the exchange of information between relevant persons involved in portfolio management activities or other activities that encompass a risk of conflict of interests where the exchange of information may prejudice the interests of the Company or its shareholders;
- ensuring the confidentiality of information and the circulation of documents in physical and electronic format; access levels are set for access to documents in the computer system;
- setting duties and responsibilities to prevent the simultaneous or consecutive involvement of a relevant person in portfolio management, control or risk management for the proper management of conflicts of interest;
- segregation of organizational functions concerning decision making, execution and supervision of the work so as to avoid the fulfilment of duties by the same person which may result in errors difficult to detect or activities that expose the company to risk;
- the administrators will take decisions in the interest of the Company and will not take part in the debates or decisions that create a conflict between their personal interests and those of the Company or of companies controlled by SIF Banat-Crișana;
- each administrator shall ensure that any direct or indirect conflict of interest with SIF Banat-Crișana or the companies controlled by it is avoided;
- each administrator will inform the Board of Directors of conflicts of interest as they arise and will refrain from debating and voting on the issues in question in accordance with the relevant legal provisions;
- it is forbidden the use of “insider information” related to the investment policy of SIF Banat-Crișana by board members, executives of the Company and by any person with whom the Company has entered into an employment contract when they are trading with financial instruments in their own portfolio (“personal transactions”);
- it is forbidden the dissemination by board members, executives of the company and by any person with whom the Company has entered into a contract the work of information on transactions that SIF Banat-Crișana intends to carry out with financial instruments in its portfolio;
- portfolio managers do not monitor companies in which they hold the position of administrator;
- if conflicts of interests arise, SIF Banat-Crișana will take the necessary diligence to ensure their correct management thereof and in the interests of all investors of these situations.

### Procedure for flagging up and management of potential conflict of interests

The risk of conflict of interest is managed by the compliance function, through a specific procedure on conflict of interests, privileged information, and personal transactions.

To identify situations of possible conflict of interests, where an administrator, director or employee of the Company may have material interest in its own name or for third parties, there is an obligation to communicate to the Company by employees / directors / administrators their activities and interests outside the Company. The communication is made through a formal document (standardized at the company level), called “Statement on activities and interests outside SIF Banat-Crișana”. The statement is filled in by the administrator, directors and employees when starting the relations with SIF Banat-Crișana and is updated regularly (annually) or whenever changes occur.

Statements on external interests are communicated to the Compliance compartment, their records are kept by the compliance officer. Statements on external interests have confidential information regime, and access to these documents is only allowed with the consent of the management.

The Compliance Officer keeps and periodically updates the record of the types of activities carried out by SIF Banat-Crişana or on its behalf if a conflict of interests arises or is likely to arise with a significant risk of prejudicing the interests of the Company or its shareholders.

The Compliance Officer regularly reports (at least once a year) to the Company's management on compliance with regulations and procedures for avoiding conflict of interests and the regime of personal transactions.

The Internal Auditor draws up written reports to verify potential conflict of interests, at least annually.

If there is a serious risk of prejudicing SIF Banat-Crişana's interests arising from an existing or potential conflict of interests, the senior management (the Board of Directors and directors) shall be promptly informed by the Compliance Officer or by the internal auditor to take any necessary decision or measure to ensure that SIF Banat-Crişana acts in the interest of the company or its shareholders.

The Board of Directors shall establish and review procedures and measures to protect against conflict of interests, regularly reviewing their effectiveness and taking timely corrective action to address any deficiencies.

#### Personal transactions with financial instruments or other assets

Personal transactions with financial instruments or other assets are considered to be transactions in the name or on behalf of:

- a relevant person from SIF Banat-Crişana;
- any person with whom a relevant person has a kinship or is closely associated;
- a person whose relationship with the relevant person is such that the relevant person has a significant, direct or indirect interest in the outcome of the transaction, other than a fee or commission charged for the transaction.

For any relevant person involved in activities that may generate a conflict of interests or have access to confidential information regarding SIF Banat-Crişana or the transactions performed by SIF Banat-Crişana are prohibited:

(a) to perform a personal transaction with financial instruments or other assets that meets one of the following criteria:

(i) is subject to legal provisions prohibiting the use of insider information to acquire, sale or attempt to acquire or dispose of, for himself or any third party, directly or indirectly, the financial instruments to which it relates the privileged information in question;

(ii) involves the misuse or improper disclosure of confidential information;

(iii) conflicts or might conflict with an obligation on behalf of SIF Banat-Crişana under the AIFM legislation;

(b) counselling or instigating, outside the normal scope of his or her employment or service contract, any other person to carry out a personal transaction referred to in (a) (i) and (ii) or which would otherwise represent misuse of information on orders that are being executed;

(c) the disclosure, outside the normal scope of his or her employment or service contract, and without prejudice to the person's right to communicate to other persons in the normal course of the exercise of his job, profession or job any information or opinion of another person persons when the relevant person knows or ought reasonably to be aware that, following disclosure, the other person will act or would be likely to act in one of the following ways:

(i) performing a personal transaction with financial instruments or other assets referred to in (a) (i) and (ii) or otherwise misusing the information on orders in progress;

(ii) counselling or instigating another person to make such a personal transaction.

SIF Banat-Crișana has adopted and implemented the following measures to ensure compliance with the regulations on avoiding conflict of interests:

- concluding personal transactions on the capital market by the employees and the management of the Company are conditioned by their pre-validation by the Compliance Officer to control and reduce the risk of conflict of interests. All relevant persons (administrators, directors and employees engaged in investment-disinvestment or portfolio management) before making a personal transaction are required to notify the compliance officer of the intent to trade.
- employees and management of the Company have the obligation to notify the company, within 5 working days from the date of the transaction, of any personal transactions made, including SIF1 shares. The record of the personal transactions notified to SIF Banat-Crișana is kept by the Compliance Officer and recorded in the Personal Transactions Electronic Register.
- it is forbidden to execute transactions (sales or purchases) with the shares of an issuer in the process of preparing, analysing, or conducting an investment or disinvestment operation by persons having access to confidential information in connection with the preparation of this operation.
- it is forbidden to the relevant persons (administrators, directors, employees with access to insider information) to perform a personal transaction with SIF1 shares or derivative financial instruments or related to them for a closed period of 30 calendar days prior to the publication by the Company of a financial report (interim or annual).
- organizational measures to ensure the security of the movement and storage of information and documents;
- the Board of Directors has adopted a procedure on the internal circuit and the disclosure to third parties of the documents and information regarding SIF Banat-Crișana, giving special importance to the regime of privileged information (as defined by Law 24/2017 and the European regulations) which may influence the evolution of the market price of the shares issued by the Company.
- by internal procedures it is forbidden to use “privileged information” related to the investment policy of SIF Banat-Crișana by the members of the Board of Directors, the directors of the company, as well as by any person with whom the Company has a contract of employment, when they trade in financial instruments in their own portfolio (“personal transactions”).
- the Company communicates to ASF and updates the list of people who have access to insider information about the Company. The listed persons have the obligation to notify the company of transactions with SIF1 shares.
- informing the initiated persons about the inclusion on the list and about the applicable sanctions for conducting personal transactions with the use of privileged / confidential information.
- persons exercising management responsibilities are required to communicate to the Company the list of persons with whom they are closely associated and notify those persons in writing of the notification obligations under EU Regulation 596/2014. The list is kept and updated by the Compliance Officer.

Ensuring transparency through rules and procedures regarding the notification of personal transactions conducted by employees and administrators

Notification of transactions with SIF1 shares, debt securities of the company or related financial instruments carried out by persons discharging with management responsibilities and persons in close connection with them

In accordance with the provisions of art.19 of the EU Regulation 596/2014 on market abuse, the persons discharging management responsibilities, as well as persons closely associated with them, shall notify the company of every transaction conducted on their own account related to the shares or debt securities of SIF Banat-Crișana or to derivatives linked thereto.

- Such notifications shall be made promptly, no later than 3 working days after the date of the transaction;

- Notifications are submitted to both to SIF Banat-Crișana and the Financial Supervisory Authority;
- This provision shall apply to any subsequent transactions, once a total amount of EUR 5,000 has been reached within a calendar year;
- The threshold of EUR 5,000 shall be calculated by adding without netting all transactions conducted from the beginning of the year.

SIF Banat-Crișana ensures the permanent update of the section dedicated to investors on its own website with notifications of persons discharging management responsibilities, in accordance with the provisions of art. 19 of EU regulation 596/2014 on market abuse.

Internal rules to prevent fraudulent practices that may affect the stability and integrity of the capital market

SIF Banat-Crișana ensures by internal procedures the ban of using privileged information held by the administrators, directors or employees of the company for the acquisition or the disposal or intention to acquire or sale for themselves or on behalf of a third person, directly or indirectly, financial instruments to which this information relates.

For the period that the Company decides to postpone the public disclosure of privileged information, it is forbidden to persons holding privileged information:

- to trade, acquire or sale, directly or indirectly, securities issued by SIF Banat-Crișana;
- to use such information for their own benefit or for the benefit of another person;
- to make other holders of such information to use them;
- to disclose such information;
- to make other people to act on such information.

Through the internal procedures approved, the Company ensures that the trading activity complies with the relevant legal provisions concerning market manipulation, market abuse, fraudulent practices.

SIF Banat-Crișana has to report to the competent authorities on possible fraudulent practices and / or manipulation of the capital market identified in the trading activity.

It is forbidden to use privileged information related to the investment policy of the Company by members of the Board of Directors, the Company's directors, as well as by any persons with whom the Company has a contract of employment when they enter in transactions in financial instruments in their own portfolio.

Members of the Board of Directors, directors, and any other persons with whom the Company has entered into an employment contract are prohibited from disseminating information about the transactions that the Company intends to make with the financial instruments in its portfolio.

*Market manipulation operations* are considered to be, but no limited to these, the following:

- the action of (a) person(s) acting in concert to assure a dominant position on the demand for financial instruments, having as a direct or indirect effect the direct or indirect setting of the sale or purchase price or the creation of other unfair trading conditions;
- the sale or purchase of financial instruments at the time of market closure, in order to mislead investors acting on closing prices;
- receiving regular or occasional access to media, electronic or traditional means by expressing an opinion on the financial or indirect instrument in relation to its issuer, provided that the instrument was already owned and subsequently benefited from the impact of the opinions expressed looking at that instrument without having publicly made that conflict of interest public in a fair and efficient manner.

It is forbidden for any person, employee, or member of the Company's management (administrators / directors) to engage in market manipulation activities.

Any person, employee, or member of the management of the Company involved in transactions in financial instruments that has reasonable grounds to consider that the transaction is based on insider information or that it may constitute a market manipulation action shall immediately notify the Company and ASF.

Safeguards against conflict of interests in relation to the risk management function

The risk management function is functionally and hierarchically separated from other tasks with which it might conflict, provided that the following conditions are met:

- the person in charge of risk management is not involved in performing potentially incompatible tasks, such as operational tasks, and is not supervised by those responsible for performing the operational tasks;
- decisions taken by the Person in charge of risk management are based on reliable data that is subject to an adequate degree of control;
- the person in charge of risk management is subject to proper independent examination to ensure that the decisions taken are the result of an independent process;
- any conflicting tasks are properly separated.

Specific safeguards against conflicts of interest allow the independent conduct of risk management activities with due respect for legal requirements and ensure continued effectiveness. The independence of the permanent risk management function is not affected by the fact that the risk management activities are closely associated with the investment process.

The persons involved in the exercise of the risk management function are remunerated in accordance with the objectives related to this function, independent of the performance of the operational units, including the portfolio management function.

The performance of the risk management function is reviewed periodically by the audit function.

The Board of Directors shall establish safeguards against conflicts of interest, shall periodically review their effectiveness and take corrective action in order to remedy any deficiencies.

## Ch. 4 RISK MANAGEMENT

SIF Banat-Crișana applies risk management procedures and strategies and sets out the conditions under which they are periodically reviewed.

The Board of Directors approves SIF Banat-Crișana's appetite and limits of risk tolerance as well as the procedure for identifying, evaluating, monitoring, managing, and reporting the significant risks to which the Company is or may be exposed.

Procedures for the identification, assessment, monitoring, management, and reporting of significant risks shall include at least the following:

- defining the risk categories and their evaluation methods;
- the presentation of the way in which SIF Banat-Crișana manages each relevant category and risk area, as well as possible accumulations of risks;
- mentioning the risk tolerance limits for each relevant risk category according to the general risk appetite as per to the specific requirements of the relevant legislation;
- establishing the frequency and description of the content of periodic stress tests and presenting the situations that justify the ad hoc performance of other stress tests.

The Board of Directors, the executive management / senior management, as the case may be, ensures that SIF Banat-Crișana implements the approved significant risk policies and procedures, and that appropriate instruments, techniques and mechanisms are used in their application.

The assessment of the effectiveness of the risk management system adopted by SIF Banat-Crișana is carried out by the Board of Directors at least on a half-yearly basis, based on the risk reports, depending on the policies, procedures and controls performed.

The risk management function reports to the executive management / senior management the risks identified as potentially significant, in accordance with the procedures applied.

The risk management function is required to report on specific risk areas both on its own initiative and at the request of the board or executive management / senior management.

SIF Banat-Crișana has developed clear action plans to ensure business continuity and emergency situations to eliminate or minimize risks.

Business continuity and emergency plans are evaluated on a half-yearly basis by the Board and executive management / senior management.

SIF Banat-Crișana's policy on risk management  
(extract from the AIFM authorization documentation)

Through the risk management system, SIF Banat-Crișana gives a central role to the risk management function, to the policies and procedures related to the management of significant and relevant risks for the investment strategy, to the measures, processes and techniques related to the measurement and the risk management the Company uses for the managed portfolio.

The risk management system contains the following segments:

<b>Governance and organizing risk management</b>	<b>Risk identification</b>	<b>Risk measurement and management</b>	<b>Reporting risks and information related to risks</b>
<ul style="list-style-type: none"> <li>• Permanent risk management function</li> <li>Roles and responsibilities</li> <li>• Risk Management Strategy</li> <li>• Organizing the risk management process</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of all risks relevant for the Company</li> <li>• Identification of risk sources / events</li> <li>• Techniques and tools for identification</li> </ul>	<ul style="list-style-type: none"> <li>• Measuring risks using appropriate methods</li> <li>• Defining the risk limits</li> <li>• Monitoring compliance with risk limits</li> <li>• Adopting appropriate measure in case of exceedance of risk limits</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate and documented reporting to BoD and Directors</li> <li>• Reporting to the regulator - ASF</li> <li>• Appropriate reporting to investors</li> </ul>

SIF Banat-Crișana establishes and maintains on a permanent and operational basis the risk management function, which is carried out independently of other activities, being subordinated directly to the Board of Directors.

The person in charge of risk management is authorized by the Financial Supervisory Authority (ASF).

The diversity of the activities that SIF Banat-Crișana carries out also creates complex risks as well as a plethora of opportunities for its shareholders, but also for the whole financial and capital market in Romania. The management of the Company considers risk management an integral part of good governance and best management practice.

SIF Banat-Crișana implements adequate and modern risk management systems to adequately identify, assess, manage and monitor all risks relevant to the investment strategy and existing investment portfolio.

Risk management is an integral part of the Company's control framework and, in addition to regulatory obligations, an effective risk management function should assist the Directors and the Board of Directors in:

- optimizing growth without exposing the Company to unjustified risks;
- express *due diligence* in daily (current) management;
- promoting proactive management and early identification of risks;
- increasing accountability and responsibility within the Company;
- avoiding unjustified exposure to risk.

The permanent risk management function has a leading role in defining risk policy, risk monitoring and measurement, ensuring ongoing compliance of the level of risk with the Company's risk profile assumed by the Board of Directors.

The risk management function performs its role independent of operational compartments, allowing risk management to interact freely with all spheres of society in order to identify and address risk issues or gaps in control without any conflict of interest.

The person in charge of risk management has the necessary authority, has access to all relevant information, and maintains regular contacts with the Directors and the Board of Directors of the Company, and provides updated information on which prompt remedial action can be taken, if necessary.

Risk management policies implemented by the Company include the procedures necessary to enable the Company to measure exposure to market risk, liquidity risk, operational risk and credit and counterparty risk, and exposure to all other relevant risks that may arise a significant level for the Company, considering the investment objectives and strategies, asset management styles or management methods and thus directly affecting the interests of the shareholders.

The risk management policy contains exhaustive protection measures against potential conflict of interests, the corrective measures taken, the reasons why such measures should, according to reasonable expectations, lead to the independent exercise of the risk management function and the way which the Company intends to ensure that protective measures have a consistent effectiveness.

The risk management policy is appropriate to the nature, size and complexity of the Company's activities and the assets it manages.

The fulfilment of the risk management function is regularly reviewed by the internal and external audit function.

The management structure of SIF Banat-Crișana, through the Board of Directors and the Audit Committee, periodically approves and revises both the risk strategy and the policy of significant risk management.



## Responsibilities concerning risk management

### **The Board of Directors:**

- Oversees the application of risk management practices and their implementation in the Company, regarding significant risks and operational management responses;
- Establishes and tracks the adequacy, efficiency and updating of the risk management system;
- Approves the policies and procedures for identifying, evaluating, monitoring, managing and reporting significant risks to which the Company is or may be exposed;
- Approves the appetite and limits of risk tolerance;
- Approves periodic risk reports;
- Approves the results of crisis simulations resulting from potential changes in market conditions as well as under normal and exceptional liquidity conditions.

The Board of Directors has assigned to the Audit Committee the task of monitoring and evaluating the effectiveness of risk management systems.

### **The Executive Management:**

- Ensures the implementation of policies and procedures for identifying, evaluating, monitoring and controlling the risks to which the Company is exposed, approved by the Board of Directors;
- Provides the necessary resources for the implementation of the risk management system and establishes competencies and responsibilities at the level of each line of activity;
- Applies and complies with, effectively and appropriately, the risk limits assumed as well as the risk profile approved by the Board of Directors;
- Oversees the execution of crisis simulations resulting from potential changes in market conditions as well as under normal and exceptional liquidity conditions;
- Implements the plans of measures included in the risk reports and approved by the Board of Directors;
- Develops at the Company level an integrated risk culture based on the complete understanding of the risks faced by the Company and their management, taking into account the risk appetite and the risk tolerance.

### **The person responsible with risk management:**

- Implements effective risk management policies and procedures to identify, measure, manage and permanently monitor all risks relevant to the Company's investment strategy and to which the Company is or may be exposed;
- Assist the Board of Directors in establishing the risk appetite for the organization and ensures its implementation in the Company through the risk management infrastructure;
- Manages and maintains risk management infrastructure;
- Ensures that the Company's risk profile and risk management systems used by the Company, communicated to investors, comply with the established risk limits taking into account all relevant risks and that it corresponds to the size, portfolio structure and investment strategies and objectives set by the Board of Directors;
- Monitors compliance with the established risk limits and approved by the Board of Directors and notifies in due time if he/she considers that the risk profile is not in compliance with these limits, or that there is a significant risk that the risk profile to become non-compliant with these limits;
- Regularly communicates to the Board of Directors information on the compliance with the risk profile communicated to investors and established and approved risk limits and the consistency between these limits and the adequacy and effectiveness of the risk management process, indicating whether or not appropriate corrective measures will be taken in case of existing or anticipated deficiencies;
- Submits regular risk reports to management, highlighting the current level of risk to which the company is exposed and potential or actual exceedances of risk limits, so that rapid and appropriate measures can be taken;

- Proceeds with the prior checking of the investment strategy, objectives and risk profile and ensure that the risks associated with each investment position and their overall effect on the portfolio can be properly identified, evaluated, managed and monitored accordingly;
- Performs crisis simulations with the frequency and under the conditions provided by the internal procedures and the applicable ASF regulations;
- Examines and supports, where appropriate, the mechanisms and procedures for the valuation of derivatives traded outside regulated markets in accordance with the applicable regulations applicable to the activity of the Company;
- Calculates the global exposure related to the financial instruments in the managed portfolio and ensures that the leverage corresponds to the assumed and communicated policy;
- Implements and maintains processes that ensure that organizational goals and employee reward policy do not compromise the organization's risk management and risk appetite framework;
- Implements a clear escalation procedure for all employees of the Company so that reporting of risk events can be carried out without the threat of adverse effects on them;
- Ensures the continuous professional development of all persons involved in the risk management activity at the organization level;
- Annually prepares a report on the risk management activity that he / she submits to ASF;
- Informs ASF on any significant changes to the previously reported risk management policy.

The method used by the Company for the calculation of market risk exposure is the Value-at-Risk method (VaR). The person in charge of risk management proceeds to:

- The validation and implementation of a VaR limit system in accordance with the risk profile, as approved by the Board of Directors of the Company;
- Ensures that VaR risk assessment model for the Company is tailored to the portfolio and the continuous validation of this model relative to that portfolio;
- Data provision, testing, maintenance and daily use of the VaR model for risk measurement;
- Supervision of the portfolio benchmarking process if the performance / return on the investment portfolio is determined in relation to such a benchmark;
- Monitoring and control of approved VaR limits;
- Regularly monitor the level of leverage when applicable;
- Regularly preparing reports on the current VaR measure (including ex-post testing and stress test) and submitting them to the Board of Directors of the Company.

## Reporting system

Significant transparent reporting mechanisms are established through the significant risk management, management and monitoring procedures managed by SIF Banat-Crișana, so that the Board of Directors and all departments receive relevant information.

An adequate reporting system is an integral part of the risk function and, in particular, for the Board of Directors and Executive Management to provide the necessary framework for the performance of their supervisory duties and responsibilities.

To ensure that the risk management function obtains the necessary information from the other compartments, a bottom-up reporting system has been structured through the specific internal procedures.

The person responsible for risk management proposes and the Board of Directors approves the nature, volume, format, and frequency of significant risk information.

The reports contain detailed and analysed information on all risk categories identified and relevant to the Company to underpin the decisions regarding their control and treatment.

## Evaluating, monitoring, and reviewing the risk management system

The process of evaluation, monitoring and reviewing the risk management system is carried out annually, considering the following:

- the adequacy and effectiveness of risk management policy and the measures, processes and techniques used to assess and manage risks;
- the extent to which the risk management policy is observed, and the measures, processes and techniques used for risk assessment and management;
- the adequacy and effectiveness of the measures taken to remedy the deficiencies in the process of risk management;
- performing the risk management function;
- the adequacy and effectiveness of measures designed to ensure the functional and hierarchical separation of the risk management function.

The frequency of the periodic review is decided by the Board of Directors in accordance with the principle of proportionality, taking into account the nature, size and complexity of Company's activities.

In addition to the periodic review, the risk management system will be reviewed in the following situations:

- when risk management policies and procedures, processes and techniques used for risk assessment and management undergo significant changes;
- internal or external events indicate that a further review is required;
- the investment strategy and objectives of the Company are subject to significant changes.

Updating of the risk management system is based on the results of the review.

## Ch. 5 COMPLIANCE

---

SIF Banat-Crișana establishes and constantly and effectively maintains the compliance checking function, that is carried out independently of other activities. The Compliance Office is subordinated to the Board of Directors.

The role of the compliance function is to oversee that the Company and its employees comply with the laws, regulations, instructions, and procedures that are relevant to the capital market as well as the internal rules and procedures of the Company.

The Compliance Office operates in accordance with the regulations in force and the written procedure for compliance checking, approved by the Board of Directors.

Every person assigned to the Compliance Office, responsible for overseeing the work of the Company, hereinafter referred to as representative of the Compliance Office or Compliance Officer, is subject to ASF approval under the regulations in force and is registered in the Registry kept by the regulatory and supervisory authority.

In cases of temporary unavailability of the compliance officer (sick leave, rest leave, other cases), the responsibilities of the compliance function will be assumed by one of the directors. The absence of the compliance officer will be communicated to the ASF.

The Compliance Officer has access to any relevant information to be able to carry out his / her duties.

### Responsibilities of the Compliance Officer

- In performing his / her duties, the Compliance Officer reports directly to the Board of Directors and notifies the executive management (directors) of the Company;
- Monitors and periodically assesses the adequacy and effectiveness of the measures, policies and procedures established in accordance with the regulations in force, as well as the actions taken to remedy the deficiencies in complying with the obligations under the AIFM regulations. Makes all efforts to prevent and propose measures to remedy any failure to comply with the legal provisions, the applicable regulations affecting the capital market or internal procedures of the Company by both the Company and its employees;
- Informs the Company and its employees on the legal regime applicable to the capital market. Advise the relevant persons responsible for the provision of services and the conduct of activities, as well as assisting them to comply with the obligations of the company under Directive 2011/61 / EU;
- Endorses the documents sent by the Company to the regulatory and supervisory authority to obtain the authorizations provided by the applicable regulations, as well as the reports sent to the regulatory and supervisory authority and to the capital market entities and ensure that they are transmitted within the legal term;
- Analyses and endorses the Company's informative / advertising materials;
- Has direct relationship with ASF;
- Regularly monitors and verifies the application of the legal provisions incumbent on the Company's activity and internal rules and procedures, keeps track of the irregularities discovered;
- Verifies compliance with prudential regulations;
- Verifies the inclusion of legal provisions in internal procedures;
- Verifies the efficiency of the information system and internal procedures;
- Verifies the effectiveness of the risk control system;
- Keeps at Company's headquarter a Unique Registry for Petitions, in a secure electronic format, per calendar year, with the beginning of the numbering from 01 to each beginning of the year, in which are recorded chronologically, in the order of their receiving, all petitions, in accordance with the procedures internal approved by the Board of Directors and ASF regulations;

- Keeps a registry for recording the investigations carried out, the duration of these investigations, the period to which they relate, the outcome of the investigations, the proposals submitted in writing to the Board of Directors / Directors of the company and the decisions taken by the persons empowered to take resolution measures;
- Informs the Board of Directors / Directors when he/she becomes aware during the activity of breaches of the legal regime applicable to the capital market, including the internal procedures of the Company;
- Observes the implementation of measures for solving the irregularities found during the investigations carried out;
- Prepares and submits to the Board of Directors, within the legal term, the Annual Control Report on: the activity carried out, the investigations carried out, the deviations found, the proposals and the program / investigation plan proposed for next year;
- Submits to the ASF, within the legal term, the Annual Control Report, the approved proposals and the investigation plan approved by the Board of Directors;
- Monitors the cases of potential conflict of interests and compliance with the personal transactions rules of the relevant persons and employees. The specific working procedure in compliance with the ASF and EU regulations is managed by the compliance officer, which operates the Personal Transactions Registry, records potential conflict of interests situations and manages the statements on external interests of the personnel and the administrators;
- Ensures appropriate training of personnel concerning the procedures and regulations in force in the matter of compliance with and administration of international sanctions. He/She fulfils the function of person responsible for managing international sanctions in the company's activity;
- Ensures proper training of personnel concerning the procedures and regulations in force in the matter of Prevention and Fighting Money Laundering and Terrorist Financing and fulfils the function of compliance officer with responsibilities in the matter of implementation of policies and procedures specific to this area.

The verification and ensuring compliance is a complex process with regard to the activities within SIF Banat-Crișana aiming to supervise the compliance by Company and its personnel with the legislation in force concerning the capital market, of internal rules and procedures.

Planning the permanent and regular control activity:

- The Compliance Officer operates on the basis of a planification, prepared to achieve the control / verification objectives and not to disrupt the general business of the company.
- In the implementation of the control plans, are considered: the available personnel and time resources, problems unresolved in the previous control, other reports, permanent case review, knowledge of internal policies and procedures, etc.
- The annual control plan is implemented after its approval by the Board of Directors and it is submitted ASF.

The conduct of the conformity check activity involves:

- Knowledge of the objectives of each office; checking compliance with work procedures; the existence and use of information systems;
- Identifying activities with high risks;
- Establishment of the controlled sample: Collection of the materials constituting the control samples and providing a reasonable basis for the findings and recommendations made; the control samples obtained must be relevant and enough for final conclusions to be drawn;
- **Completion of the control and compliance check** - drafting the control report and writing of the notes in the reports; the transfer of records relating to permanent files; placing unresolved findings for the next check.

## Compliance verification reports

Compliance verification reports are the means of informing the Board of Directors about the control activity. By doing so, the compliance officer ensures the communication of the findings, conclusions and recommendations resulting from the control work carried out.

The compliance officer shall draw up:

*Periodic reports* - on the activities set out in the control plan, these being submitted to the Board of Directors, to the executive management and to the supervisor / coordinator of the controlled compartment.

*Annual report* - includes the activity carried out, the investigations carried out, the deviations found, the proposals made and the proposed control plan for the following year. The annual report shall be submitted to the Board within 60 days of the end of each year and to the ASF by March 15, together with the control plan for the current year approved by the Board.

The compliance officer shall immediately inform the members of the board of directors / directors of the company of the deviations from the regulations in force and the internal procedures of the company he/she found.

If the members of the Board of Directors / directors of the Company do not take the necessary measures within the deadlines established in the report prepared by the compliance officer, he/she has to immediately notify ASF on the deviations from the regulations in force, including the internal procedures of the company he/she found.

The company allows internal reporting by its employees concerning the non-compliance with the capital market regulations and internal procedures through a specific, independent, autonomous channel implemented through the e-mail system. The Compliance Officer has access to the reports submitted for further verification and reports to the senior management with proposals to address the reported situations.

## Ch. 6 INTERNAL AUDIT

---

SIF Banat-Crișana establishes and permanently and operatively maintains the internal audit function that is carried out independently of other functions and activities, being subordinated to the Board of Directors.

According to the Company's internal regulations, the internal audit function can be organized either internally or through the employment of an authorized auditor, a natural or legal person.

The Internal Audit activity is carried out in accordance with the legal provisions specific to the audit activity and with the written procedure regarding the internal audit activity, approved by the Board of Directors.

The Company's activities are subject to periodic internal audit to provide an independent assessment of its operations, its control and its management processes. The internal auditor assesses the possible exposure to risk in various segments of activity (security of assets, compliance with regulations and contracts, integrity of operational and financial information, etc.) and makes recommendations for improving the systems, controls and procedures to ensure the efficiency and effectiveness of operations, the proposed corrective actions and the results obtained.

The internal audit is carried out in the following forms:

- evaluation of internal management and control systems - *system audit*;
- evaluation of results concerning the objectives pursued and examining the actual impact - *performance audit*;
- ensuring compliance of procedures and operations with legal norms - *regularity audit*.

The internal audit activity is carried out based on an audit plan prepared in accordance with the Company's objectives. The audit plan and the resources required to conduct the activity are endorsed by the Audit Committee and approved by the Board of Directors, with the scope of all activities and operations carried out by the company.

Internal audit activity is an independent and objective activity that gives the company assurance as to the degree of control over operations and is carried out according to the procedures developed for the purpose of carrying out the activity. For each internal audit mission, a detailed program is developed which includes the scope, objectives, resources allocated and the period.

Internal audit aims to support the Company in identifying and assessing significant risks in order to provide an independent assessment of risk management, control and management processes and assisting the company in maintaining an efficient and effective control system.

The internal auditor reports to the Audit Committee and the Board of Directors of SIF Banat-Crișana about the purpose of the audit activity, its findings, conclusions, recommendations and proposals made.

### Responsibilities of the Internal Auditor

- preparing the Annual Internal Audit Plan which it presents to the Board for review and approval;
- preparing the procedures and the internal audit manual and submitting them for the approval of the Board of Directors;
- Verifying compliance with the Company's instructions, policies and procedures and legal regulations;
- verifying the correctness and integrity of financial and operational information;
- verifying the safe keeping of the Company's assets;
- estimating the possible exposure to risk in various segments of activity (security of assets, compliance with regulations and contracts, integrity of operational and financial information, etc.);
- collaborating with the financial auditor;

- making recommendations for improving systems, controls and procedures to ensure the efficiency and effectiveness of operations;
- performing special verifications at the request of the Board of Directors or the Chairperson and preparing special audit reports;
- preparing internal audit reports for each audited activity;
- preparing the Annual Report and the Internal Audit Reports;
- observing compliance with the Company's code of ethics;
- observing the proposed corrective actions and the results obtained.



## Ch. 7 REMUNERATION POLICY

---

### General characteristics of the remuneration policy

The remuneration policy of SIF Banat-Crișana is approved by the Board of Directors and SIF Banat-Crișana's general meeting of shareholders and has a main objective to regulate the principles governing remuneration of Company employees, including those categories of personnel whose professional activities have a significant impact on the company's risk profile.

By the rules and principles contained, the remuneration policy ensures that the remuneration of the company's personnel is consistent and promotes sound and efficient risk management and does not encourage risk-taking that contradicts the risk profile and the company's Articles of Association.

A Remuneration Committee has been established within the Board of Directors, whose function is to provide assistance and advice to the Board of Directors' supervisory function with regard to the content and application of the remuneration policy of SIF Banat-Crișana. The Remuneration Committee also ensures that the remuneration system duly takes into account all types of risks and levels of liquidity and asset management and that the remuneration policy is in line with the strategy, objectives, values and professional interests of the Company and investors.

### Principles

The main principles underpinning the remuneration policy are as follows:

- The remuneration policy of the management and personnel of SIF Banat-Crișana is compatible with a sound and effective risk management and promotes this type of management, without encouraging taking risks incompatible with the risk profile, the internal rules or with the company's articles of association;
- The remuneration policy is based on the values and beliefs of the organization, is compatible with the business strategy, objectives, values, and interests of SIF Banat-Crișana, as well as with the interests of investors and includes measures to avoid conflicts of interest;
- The Board of Directors (management body) of SIF Banat-Crișana, within its supervisory function, periodically adopts and reviews the general principles of the remuneration policy and is responsible for its application;
- The application of the remuneration policy shall be subject, at least once a year, to a central and independent internal evaluation of compliance with the remuneration policies and procedures adopted by the management body in its supervisory function;
- Staff members holding control functions shall be remunerated according to the achievement of the objectives related to their functions, regardless of the results of the trading sectors they control;
- The remuneration of persons in charge of risk management and compliance ensures that it is directly supervised by the board of directors.
- Performance-based remuneration is calculated based on an assessment that combines the performance of the individual and the business unit concerned with the overall results of the Company.
- There is an appropriate balance between the fixed and the variable component of total remuneration, and the fixed component represents a sufficiently high percentage of total remuneration to allow for the application of a policy as flexible possible on variable components of remuneration, including the possibility of not paying any variable component of remuneration;
- Payments related to the early termination of a contract reflect the performance achieved over time and are designed so as not to reward failures;
- Variable remuneration is paid or granted only if it is sustainable depending on the financial position of the Company as a whole and is justified by the performance of the operating unit within the company and the person concerned.

- The company's personnel have the obligation not to use personal coverage or insurance strategies related to remuneration or liability in order to undermine the effects of the risk alignment provided in their remuneration schemes;
- Variable remuneration is not paid through instruments or methods that facilitate the avoidance of compliance with the requirements of the remuneration policies applicable within SIF Banat-Crișana.

### Rules on granting remuneration

The remuneration policy of SIF Banat-Crișana personnel is approved by the company's board of directors, it is subject of the approval of Company's shareholders, and it is in line with the company's professional strategy, objectives, values, and interests.

The remuneration policy of SIF Banat-Crișana personnel encourages the prevention of taking excessive risks in the management of company's investments.

The remuneration policy complies with the provisions of the labour legislation and those agreed by the collective labour contract applicable at company level.

SIF Banat-Crișana may propose and grant to company's personnel a remuneration that includes both a fixed component and a variable component (premiums or bonuses), based on performance or which may be based on the conventional criteria agreed by the collective labour agreement applicable at company level.

As a rule, the company sets the total remuneration perk of the identified personnel in such a way that the fixed remuneration remains sufficiently high compared to the variable component, to remunerate the professional services provided, according to the training level, the level of expertise and the necessary skills. If the remuneration includes a variable component or a bonus, the remuneration perk shall be structured in such a way that there is an appropriate balance between the fixed and the variable components. The right balance may vary depending on the personnel members, depending on market conditions and the specific context in which the company operates. An absolute separation between the fixed and variable components is maintained permanently with no leakage between these two components.

The Company acknowledges that, in addition to fixed remuneration, a variable component of remuneration may be granted to all personnel members, including Identified Personnel, as an additional payment or benefit in respect of services provided by such identified personnel. The different salary components are combined to ensure an appropriate and balanced remuneration perk, reflecting the unity of the business, the rank of the employee in the company, his professional activity, as well as market practices.

**The fixed component:** The Board of Directors has the competence to establish the salary scale (for fixed remuneration) at SIF Banat-Crișana level, applicable at the level of individual employment contracts concluded by the company with its employees.

Establishing pay ranges (minimum and maximum) for each competence group in the pay scale shall ensure a fair pay system.

Each position within the organizational structure of the company has clearly established, through job descriptions and internal regulations, duties, and responsibilities as well as a set of competencies and abilities necessary to hold that position.

The salary rights of the employees are established by the individual employment contracts as well as by the collective labour contract concluded at company level.

The level of basic fixed remuneration of employees can be revised based on the results of the analysis and assessment of performance and market conditions (e.g. inflation, the level of wages in the activity sector).

**The variable component:** The Board of Directors has the power to set the general criteria for granting the variable component. Employee remuneration, from the perspective of variable remuneration, is based on the annual evaluation of individual performance, related to the achievement of the assumed annual objectives.

Performance-based remuneration is granted in a way that promotes effective risk management and does not encourage excessive risk-taking. The payment of variable remuneration is not a guaranteed component of remuneration, as it is exceptional in nature and aims to reward performance.

The company will maintain a flexible policy on variable remuneration, which implies not only that the variable remuneration will decrease due to the negative performance of the identified personnel or of the company itself, but also that it can go to zero, in particular in the event of a negative assessment of the performance of such identified personnel. Performance-based remuneration is not guaranteed, and no employee will have a contractual right to such payment. The company adopts a discretionary approach to performance-based remuneration.

Performance-based remuneration depends on the decision of the Board of Directors to allocate funds for the payment of such remuneration, provided in the budget of revenues and expenses approved annually by the shareholders. The amounts allocated to the payment of remuneration based on performance may vary over time and depend on:

- the net profit of the company in absolute terms, as well as compared to the budget achieved during the respective fiscal year
- budgetary limits approved by the general meeting of shareholders
- the development costs of the company
- specific internal risks that may affect the company
- the special conditions of the relevant market for the company's activity.

The reduction or elimination of performance-based remuneration may be considered appropriate in the event of improper performance of duties and responsibilities by company personnel.

The performance measurement used in the calculation of the variable components of remuneration or the set of variable components of remuneration shall include a comprehensive adjustment mechanism that includes all relevant types of present or future risks.

There is an appropriate balance between the fixed and the variable component of total remuneration and the fixed component represents a sufficiently large percentage of total remuneration to allow for a flexible policy on the variable components of remuneration, including the possibility of not paying any variable remuneration component.

To diversify the ways of stimulating the personnel, the variable component of remuneration, for all categories of identified personnel, may take the following forms:

- cash as premiums (extras to the basic salary determined by performance assessment), bonuses (rewards for outstanding performance) or incentives (rewards granted based on the achievement of previously set targets, designed to encourage personnel to reach increasingly higher levels of performance)
- equity instruments - shares, options, including stock-options plan program types approved by the general meeting, which may comprise a certain time interval of at least one year between the time the right is granted and the time it is exercised (actual acquisition of instruments).

## Performance evaluation

Performance evaluation is performed in an appropriate framework to ensure that the assessment process is based on performance and that the actual payment of performance-dependent remuneration components is made over a period that takes into account the Company's policies and the risks inherent in them.

The risk-aligned performance assessment considers a combination of quantitative (financial) and qualitative (non-financial) approaches, in correlation:

- the objectives / overall performance of the company
- the performance of the operational office where person activates
- the criteria and indicators for assessing performance are clearly defined and adequately reflect the risks posed by staff actions.

The assessment of the individual performance of personnel is done based on a written internal procedure, which is transparently accessible to all the personnel involved. The procedure comprises explicit provisions on the principles for setting individual performance targets, as well as the criteria for assessing the achievement of these targets.

The assessment of individual performances considers:

- tasks and responsibilities of personnel members
- the general performance of the company
- team performance
- accomplishment of objectives, i.e. individual performance in relation to the requirements of the position (including agreed financial performance, but also non-financial skills, e.g. compliance with internal business procedures and internal rules of conduct)
- competitive market valuation data
- the duty of the company's personnel to act in a fair, honest, fair, professional manner and in the best interests of the company.

All members of personnel have a job description, ensuring that they are responsible and understand the responsibilities and role they have in company.

Performance assessment is carried out in a multi-annual framework appropriate to company's life cycle, ensuring that the assessment process is based on longer-term performance and that the actual payment of performance-dependent remuneration components is made over a period that takes considering the investment risks of the company.

In the case of control functions, the performance evaluation is made according to the way in which these persons performed their duties, as well as according to the way in which they achieved certain objectives established by the Board of Directors of the Company. In no case will the control functions be evaluated according to the results of the compartments / lines of activity they control.

SIF Banat-Crișana promotes an effective and solid risk management, without the remuneration structure encouraging taking excessive risks, including in relation to the risks related to sustainability, being correlated with the risk-adjusted performance<sup>1</sup>

Structure of remuneration for the members of the board of directors

The remuneration of the administrators is decided by the general meeting of SIF Banat-Crișana shareholders, in accordance with the provisions of Law no. 31/1990 and of company's articles of association. The additional remuneration of the administrators (members of the board of directors) is set as general limits by decision of the general meeting of shareholders or is provided in the articles of association of the company. The total annual value of the additional remuneration paid to the administrators will not exceed the limits set by the decision of the general meeting of shareholders / by the articles of association. The members of the Board of Directors who hold executive position within the company will not participate in the adoption of decisions regarding their own remuneration.

The additional remunerations are fixed and based exclusively on factors such as time spent on performing the duties, participation in meetings of the board of directors, responsibilities assumed

---

<sup>1</sup> The paragraph "SIF Banat-Crișana promotes an effective and solid risk management, without the remuneration structure encouraging taking excessive risks, including in relation to the risks related to sustainability, being correlated with the risk-adjusted performance" supplements point 9 of the Remuneration Policy of SIF Banat-Crișana, approved by Resolution no. 4 by the OGM of January 6, 2021, for

within the board of directors, participation in the activities of special committees established within the board of directors, and the like factors that do not depend on and do not take into account the results and performance of the company. Additional remuneration can be paid in cash or in instruments.

Remuneration for the purposes of remuneration policy is not considered to be expenses reimbursed by the company and incurred by the directors in the interest and for the purpose of exercising the mandate of administrator.

### Structure of remuneration for the directors

The remuneration of the directors is approved by the company's board of directors. The general limits of the remuneration of the directors to whom a part of its powers has been delegated by the Board of Directors, in accordance with the provisions of Law no. 31/1990, are approved by the general meeting of shareholders.

The Board of Directors will ensure the proportionality of the remuneration granted with the responsibilities specific for the management functions, so as to ensure an adequate and responsible remuneration, which will ensure the increase of the performances, in order to increase the company value, for the benefit of its shareholders.

At the same time, the level of remuneration must promote the long-term sustainability of the company, in line with the business strategy, objectives, values and long-term interests of the company and the approved risk-level. The level of remuneration in the sector of financial investments may also be taken into account when setting remuneration, in order to ensure competitiveness in the labour market and to be able to attract and retain highly qualified personnel.

Directors' remuneration may consist of a fixed component and a variable component.

The fixed component of remuneration is established considering sound economic principles, considering the nature and complexity of the activities carried out by those persons, as well as the competencies and responsibilities embraced by holding those management positions.

The variable component of remuneration is based on an assessment that combines the evaluation of individual performances with the general results of SIF Banat-Crișana. The assessment of individual performances is based on an annual analysis / examination of the fulfilment of the assumed performance objectives and of risk limits approved by the overall risk profile. The annual objectives are assumed based on the decisions of the board of directors and the general meetings of shareholders.

The variable component can be paid in cash and / or instruments. All directors' remuneration must fall within the general limits of remuneration and budget approved by the ordinary general meeting of SIF Banat-Crișana shareholders.

Remuneration for the purposes of the remuneration policy is not considered to be expenses reimbursed by the company and incurred by the directors in the interest and for the purpose of exercising their positions within the company.

### Structure of remuneration for the control functions

SIF Banat-Crișana considers the remuneration of the control functions within the company at a level that would allow the company to hire and / or maintain in these positions qualified persons with sufficient experience to exercise these functions. The remuneration of the personnel responsible for managing the control functions is directly supervised by the company's board of directors, through the supervisory function.

The remuneration of personnel performing control functions may have both a fixed and a variable component.

---

*its correlation with the provisions of art. 5 of the EU Regulation no. 2088/2019 on sustainability-related disclosures in the financial services sector. The amendment was approved by Resolution no. 8 of the OGM of April 26, 2021*

The variable remuneration granted to personnel performing control functions will be based on the fulfilment of objectives specific to the function of these persons (qualitative criteria - for example, quality, efficiency, and timely delivery of control measures / reports) and not on overall performance criteria at company's overall level (quantitative criteria).

The variable component can be paid in cash and / or instruments.

The activity of persons exercising control functions (approving transactions, making recommendations on risk issues, financial control, compliance, etc.) is not directly correlated with increasing or decreasing the remuneration of control functions, based on performance. The personnel in the control functions will be remunerated depending on the achievement of the specific objectives related to their function, independent of the performance of the business area they control.

Based on the above rules, the company ensures that the remuneration structure of the personnel having control functions cannot affect the independence of these functions and cannot generate situations of conflicts of interest at their level.

The remuneration of personnel holding control functions will be supervised by the Nomination and Remuneration Committee of the Board of Directors.

#### Other provisions

The application of remuneration policies is subject to the monitoring and supervision of the company's management bodies, as well as the control functions, (at least annually) which will take the necessary steps to remedy in a timely manner any deficiencies found in the implementation of remuneration policies.

Every year, the company prepares a remuneration report, providing a comprehensive overview of remuneration, including all benefits, regardless of form, granted or due to the company's management during the last financial year, in accordance with the remuneration policy. The remuneration report shall be put to the vote at the annual ordinary general meeting of shareholders, the opinion of the shareholders of the general meeting on the remuneration report resulting from the vote shall be of an advisory nature. Following the general meeting, the company makes the annual remuneration report available to the public on the company's website, at [www.sif1.ro](http://www.sif1.ro), in the *Corporate Governance* section.

The changes that will be made to the remuneration policies will consider the economic context, the company's activity, as well as its strategy and objectives and will be approved by the company's board of directors.

The remuneration policy shall be put to the vote at the ordinary general meeting of shareholders on each significant change and, in any case, at least every four years.

The remuneration policy of SIF Banat-Crișana in its full form approved by the General Meeting of Shareholders is available on company's website, at [www.sif1.ro](http://www.sif1.ro), in the *Corporate Governance* section.

## Ch. 8 SHAREHOLDER'S RIGHTS

---

The shares issued by the Company confer equal rights on the holders, in accordance with the provisions of the articles of association and the legal provisions in force. The ownership of shares issued by SIF Banat-Crișana confers on the holder the following essential rights:

(i) ownership of the shares - an absolute, exclusive, and perpetual right, conferring the holder the right to use the shares, usufruct and to dispose of them, for their own benefit, within the limits and in compliance with legal provisions in force.

(ii) the right to information - a non-patrimonial right, which gives shareholders the prerogative to ask questions to the Company's board of directors at general meetings of shareholders and to be informed by the Company, through mandatory reporting required by law, in virtue of the principle of transparent investor information;

(iii) the right to attend general meetings of shareholders - a non-patrimonial right that gives the holder the prerogative to be physically present and to have access to the venue of general meetings or to attend general meetings in other ways permitted by the articles of association or by law (by correspondence, by e-mail, by representative), according to the procedures approved by the Board of Directors of the Company;

(iv) the right to vote - a non-patrimonial right, which gives the holder the prerogative to express their will regarding the matters discussed at the general meeting of shareholders by voting in favour or against the resolutions debated in the general meeting, or to abstain from voting when expressing a voting option. Each share held confers a voting right to the person holding them and who is registered in the register of shareholders of the Company as of the reference date set for each general meeting of shareholders.

(v) the right to dividends - a patrimonial right, of claim, giving the holder the prerogative to collect a sum of money from the company's profit, subject to the approval of the distribution of the profit in the form of dividends, by the general meeting of shareholders. The general meeting of shareholders has the power to approve the amount of the dividend per share as well as the frequency of distribution of profits in the form of dividends.

If the general meeting of shareholders approves the distribution of the profit in the form of dividends, the right to the dividend arises on the registration date, fixed by the general meeting, and is born in the patrimony of shareholders holding shares on that date.

The right to collect the amounts due as a dividend are statute-barred by 3 years from the date of their maturity, after the expiry of this term, the right of the shareholders to request and obtain their payment is extinguished. The amounts of money due as a dividend and on which the extinctive prescription intervened belong to the company, their destination being approved by the general meeting of shareholders.

(vi) the preference right to subscribe for shares of the same class - patrimonial right, of claim, which gives the holder the prerogative to participate with priority over others in the increase of the share capital or in the conversion of bonds into shares (if the Company issues such securities) by subscribing to newly issued shares, in proportion to those held as of the registration date approved by the Extraordinary General Meeting of Shareholders.

The preference rights may be traded, under the conditions approved by the general meeting of shareholders and in compliance with the legal provisions applicable on the market on which they are traded.

The preference rights may be abolished only by the extraordinary general meeting of shareholders, in compliance with the mandatory quorum and majority conditions provided by law.

(vii) the right to share in any surplus in the event of liquidation - patrimonial right, of claim, giving the holder the prerogative to receive a sum of money, goods, or rights, corresponding to his stake in the share capital if, following the liquidation of the company's assets, the assets are higher than the liabilities, and after the payment of all the Company's debts, a surplus remains to be distributed to the shareholders.

SIF Banat-Crișana has issued and are outstanding only one class of shares, therefore, there are no conversion clauses.

The shares issued by the Company are freely traded on the regulated market of the Bucharest Stock Exchange, according to the rules imposed by the market operator, any person being able to acquire shares issued by the Company.

Romanian legislation provides certain restrictions on the acquisition of shares issued by the Company, as follows:

- (i) The company is authorized as an alternative investment fund manager (AIFM), and the provisions of Regulation no. 3/2016 on the applicable criteria and the procedure for the prudential assessment of acquisitions and increases in participations in entities regulated by the Financial Supervisory Authority, applicable to potential acquirers and significant shareholders within the managers of alternative investment funds are applicable.
- (ii) According to the Regulation, the acquisition of qualified interests in the company is subject to the approval of the Financial Supervisory Authority. For the purposes of the Regulation, qualified interest means the direct or indirect holding of voting rights or capital of the Company, which represents at least 10% of them or which allows a significant influence to be exercised on the management of the Company.
- (iii) For the purposes of the Regulation, a potential acquirer is considered to have a significant influence when his holdings, although below the 10% threshold, allow him to exercise significant influence over the management of the Company, such as having a representative in the board of directors. Holdings below 10% are subject to approval requirements, on a case-by-case basis, depending on the shareholding structure of the Company and the actual involvement of the acquirer in its management.
- (iv) The Company's shares are listed on the regulated market on the Bucharest Stock Exchange, the provisions of Law no. 24/2017 on issuers of financial instruments and market operations in the matter of the obligation to carry out a public takeover bid, are applicable, in case of reaching the threshold of 33% of the voting rights.

According to the law, a person who, as a result of his acquisitions or of the persons with whom he acts in concert, holds securities issued by an issuer which, added to his previous holdings or of persons with whom he acts in concert confers on him, directly or indirectly, more than 33% of the voting rights over the issuer, is obliged to launch a public offer addressed to all holders of securities, at a fair price and for all their holdings, as soon as possible, but not later than two months from the moment that ownership is reached.

Until the public offering takes place, the voting rights related to the securities exceeding the threshold of 33% of the voting rights over the issuer are suspended, and the respective shareholder and the persons with whom he acts in concert may no longer acquire, through other operations, shares of the Company.

### Dividend policy

SIF Banat-Crișana aims to maintain a balance between the remuneration of shareholders through dividends and the need to finance new investments from the reinvested-obtained profit. The strategy of maintaining this balance aims both to increase the long-term investment attractiveness for



SIF Banat-Crișana shares and to maintain the investment potential, providing the long-term sustainable profitability of the activity for the benefit of increasing shareholders value.

The distribution rate of the net profit and the value of the value of dividend per share are approved by the General Meeting of Shareholders (GMS) and consider both the sustainability of the measure, the economic context, and the current market returns.

The remuneration method of SIF Banat-Crișana shareholders is applied for their benefit through the dividend distribution policy, as well as through the decision to reinvest the profit or to repurchase the securities, for the stated purpose of increasing shares' value. The remuneration of SIF Banat-Crișana shareholder can be achieved transparently, correctly, and efficiently financially and fiscally, in any of the variants decided to be followed: distribution of cash dividend, reinvestment of profit in the hope of increasing the value of the share by at least the size of the undistributed dividend, or buyback programs approved by the GMS.

The payment of dividends approved by the GMS of SIF Banat-Crișana is made to the shareholders recorded in the Shareholders Register kept by the registry company - Depozitarul Central S.A. as of the registration date approved by the general meeting of shareholders.

The related dividend tax is withheld at the rates provided by law or other specific regulations.

The right to receive dividends shall expire within three years from the date of beginning of their payment, in accordance with the legal provisions in force.

#### Repurchase of shares

Buyback programs may create the prerequisites for increasing the stock price, resulting in increased returns for shareholders, reducing the discount between the net asset value and the trading price and increasing the liquidity of the shares on the stock exchange, having beneficial effects for the shareholders.

The Board of Directors of SIF Banat-Crișana has in view submitting to the shareholders the approval of buyback programs with the objectives allowed by the regulations in force. The information materials submitted to the shareholders shall contain both the characteristics of the program subject to the approval and an estimate of the total cost of the buyback program, the expected impact on the Company's equity and sources of financing of the operation.

The repurchase operations are executed in accordance with the legal provisions in force and fall within the general limits approved by the GMS.

According to the provisions of Law no. 31/1990, the own shares acquired by the company do not give the right to dividend during the period of their holding by the company. Also, the voting right conferred by the own shares acquired will be suspended during the period of their holding by the company.

## Ch. 9 FINANCIAL REPORTING

---

SIF Banat-Crișana establishes, applies, and maintains accounting policies and procedures and valuation rules allowing the timely presentation of financial statements reflecting a true and fair view of the financial position and complying with the applicable accounting standards and regulations.

SIF Banat-Crișana prepares financial statements / accounting reports in accordance with International Financial Reporting Standards and ASF Rule no. 39/2015, applied together with the Accounting Law no. 82/1991.

The standalone and consolidated annual financial statements are audited by the independent financial auditor.

*Accounting* ensures chronological and systematic recording, processing, publishing, and keeping information regarding the Company's position and financial performance as well as the cash flow. The accounting records are made based on the supporting documents prepared according to the rules of the Ministry of Public Finance and other documents specific to the activity, as necessary, in compliance with the legal provisions in force. The preparation and movement of documents shall be carried out in accordance with the company's internal procedures.

*Accounting policies* describe the principles, bases, conventions, rules, and practices applied by SIF Banat-Crișana on the preparation and presentation of financial statements.

Accounting policies include rules for recognition, measurement, and disclosure in the standalone / consolidated financial statements of property, plant and equipment and comprehensive income, as well as rules for accounting management in SIF Banat-Crișana.

The Company prepares these policies in line with the specifics of its activity, and they comply with the accounting principles established by the applicable regulations. The accounting rules and treatment contained in accounting policies are in line with national legislation as a whole.

The accounting policies and procedures of SIF Banat-Crișana are prepared by the Economic Dept., in consultation with the functional departments within the Company, approved by the Board of Directors and consistently implemented by the Economic Dept.

The Company shall update the accounting policies whenever the situation so requires, in the implementation of the legal provisions and / or the decisions of the management bodies of SIF Banat-Crișana. Changes in accounting policies are only required if the change is required by an IFRS or results in financial statements that provide reliable and relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance, or cash flows.

## Ch. 10 CORPORATE INFORMATION REGIME

---

SIF Banat-Crișana ensures the security, integrity, and confidentiality of the information it manages, having implemented an appropriate set of security measures - policies, processes, procedures, organizational structures, and functions.

The security measures are established, implemented, monitored, analysed, and periodically improved to ensure the achievement of the specific security objectives of SIF Banat-Crișana.

In accordance with the ASF regulations, SIF Banat-Crișana must perform, every three years, a detailed IT audit covering all activities and locations of the Company, in part, and identifying possible security breaches. The information security management system implemented within SIF Banat-Crișana covers all the activities and locations of the Company.

SIF Banat-Crișana has identified its own security requirements from three main sources of security requirements:

- by determining the risk to which the organization is exposed, considering its overall strategies and objectives.
- the legal, statutory, regulations and contractual requirements that SIF Banat-Crișana, its trading partners, contractors and service providers must comply with, as well as their socio-cultural environment.
- specific set of principles, objectives, and business requirements for processing the information that the organization develops to support its activities.

Security requirements are identified through a methodical security risk assessment that helps to identify and establish appropriate management actions and information security risk management priorities and to implement security measures selected to provide protection against these risks.

SIF Banat-Crișana annually determines the operational risks generated by the IT systems and has the obligation to communicate them to ASF by March 31 for the previous year, in accordance with the rules / regulations issued by the Authority. The Company has established a level of risk below which any risk is considered acceptable, and for those risks the value of which exceeds the established limit, appropriate security measures have been identified and control objectives have been established.

### Selecting security measures

The security measures adopted by SIF Banat-Crișana comply with the rules / regulations issued by ASF. Their selection is made based on the risk acceptance criteria, the risk treatment options and the general risk management approach within SIF Banat-Crișana, in compliance with relevant national and international legislation and regulations.

### Security policy on IT&C resources

The security policy for the IT&C system is intended to ensure the integrity, confidentiality, and availability of information.

The security policy of SIF Banat-Crișana's IT&C system is applied on a non-discriminatory basis to all persons who have been granted access to any IT&C resource of the Company.

### Protection of classified information

The protection of classified information concerns: legal protection, procedural protection, physical protection, protection of personnel who have access to classified information or is designated to ensure their security, protection of information generating sources. Marking classified information is intended

to alert those who manage or access them that they are in possession of information on which specific access and protection measures must be applied in accordance with the law.

#### Work secret information

The list of work secret information is established by the heads of departments of SIF Banat-Crișana. It is forbidden to classify as work secret information which, by their nature or content, is intended to ensure that the public is informed about issues of public or personal concern, to favour or overcome the circumvention of the law or obstructing justice.

The work secret information list includes the information referring to the activity of SIF Banat-Crișana and which, without being state secrets, must be known only by the persons whom they are necessary for the fulfilment of their duties, their disclosure being detrimental to the interest of the Company.

Negligence in retaining work secret information attracts, under criminal law, the liability of guilty persons.

#### Internal rules and procedures for keeping the records of transactions with financial instruments

SIF Banat-Crișana has an IT system that ensures the safe keeping of the market price records for each asset in the portfolio, the net asset value, the unitary net asset value, the calculation of all commissions, fees, and tariffs, keeping the history of these operations for **a minimum of 5 years** under appropriate security conditions, in electronic form, within the software applications designed.

Transactions with financial instruments in the SIF Banat-Crișana portfolio are recorded electronically - with the exact specification of the date, time and place of the transaction, of the essential elements of the trading orders given to the intermediaries on the capital and the money market, of the parties involved in the transaction, as well as safely storing this information in a specially built database and safely keeping track of transactions - so that each transaction can be reconstituted in detail.

#### Backup procedure

In SIF Banat-Crișana, a documented procedure, approved by the Board of Directors, for safekeeping is operational, to maintain the integrity and availability of information and information processing systems. The procedure governs the internal process of backing up data and information, as well as how to restore them in a timely manner.

#### The privileged (insider) information regime

SIF Banat-Crișana must inform the public and ASF, without delay, about the privileged information directly concerning the Company. Postponement of public disclosure of inside information shall only be made under the conditions specified by applicable law, provided that the confidentiality of such information is ensured.

The Company has the obligation to communicate to the ASF and to permanently update the list of persons with access to insider information concerning the Company.

The Company shall notify in writing the persons having access to the privileged information that they are included in the ASF list as well as the applicable legal obligations and internal rules as well as the penalties applicable to inappropriate use or inappropriate circulation of such information, upon signing a Privacy Policy.

Obligations regarding the confidentiality of insider information about the Company:

- It is forbidden to disclose privileged information to any other person unless the disclosure has been made in the normal exercise of his or her activity, profession or work duties;

- In the case of privileged information whose disclosure is intended to be postponed, confidentiality will be maintained by taking effective security measures to block unauthorized access to privileged information;
- If the Company or a person acting on his/her name of behalf discloses any privileged information to a third person, in the normal exercise of his or her activity, profession or work duties, he/she must make that information publicly available simultaneously in the case of a deliberate disclosure, and without delay, in case of an unintentional disclosure. This provision does not apply if the person who received the information is bound to preserve its confidentiality, irrespective of whether that duty is based on a law, regulation, memorandum, or a contract.

## Contingency plan

SIF Banat-Crișana has implemented a contingency plan which, in the event of a system and mechanism disruption, ensures the storage of essential data and functions, the maintenance of services and activities or, if this is not possible, the timely recovery of these data and functions and the restart of services and activities within the allowed time limit.

The contingency planning is the process designed to reduce the risk of activity arising from the unexpected disruption of critical, manual, or automated functions / operations required for the survival of SIF Banat-Crișana, including material and human resources necessary to ensure a minimum level for critical operations.

The business continuity plan refers to activities that will only take place in the event of major disasters that lead to the inability to continue operations under normal conditions.

In the information security management system, a *business continuity management* process is implemented to reduce the impact on the organization and recover from loss of information to an acceptable level through a complex of preventive and recovery security measures. The process is intended to prevent and protect any discontinuity in the conduct of critical activities and processes against the destruction of sensitive information and to ensure its resumption in the shortest possible time.

Matters on the business continuity are based on the identification of events (or succession of events) that may lead to disruptions in the Company's business processes. For these threats the risk, probability, and impact of such disruptions in terms of duration, level of damage and recovery period were determined.

## Ch. 11 SOCIAL RESPONSIBILITY

---

SIF Banat-Crișana acknowledges its role as an involved and responsible company, attentive and responsive to the community needs and the sustainable development of society.

SIF Banat-Crișana chooses to carry out activities, projects and campaigns of social responsibility that are both consistent with the company's strategy, and community needs, aiming to promote and strengthen its brand values. The role of social actor for SIF Banat-Crișana is to promote professionalism, excellence, innovation, responsibility, teamwork, diversity, commitment, and to conduct its business using socially responsible practices, continuously and voluntarily improving its activity in such a way as to contribute to the general welfare of the community and the environment protection.

SIF Banat-Crișana supports projects in the fields of education, healthcare, arts and culture, humanitarian/social, environmental protection, sports, and expeditions (the enumeration is not hierarchical).

1. EDUCATION - Being the most important capital for the Romanian society of tomorrow, young people must be supported to become good professionals. In partnership with high-schools, universities, and student associations, SIF Banat-Crișana can provide financial and social support to stimulate and sustain the performance and interest in creativity, science and technology.

*Means of involvement:*

- scholarships in financial or non-financial education;
- support for research projects, prizes for contests, competitions;
- financial support for technical endowment of schools and universities.

2. HEALTHCARE

*Means of involvement:*

- financing/sponsoring hospitals for the purchase of high-performance equipment;
- funding therapy projects for children / people with chronic illnesses;
- financing some education and medical prevention projects.

3. ARTS AND CULTURE - Reputation and stability in relationships with the communities are considered by SIF Banat-Crișana by association with cultural values and projects. Values such as innovation, diversity, responsibility, are best reflected in artistic, cultural, and spiritual areas, values that SIF Banat-Crișana can promote by involving in projects promoting conservation of national heritage or cultural events.

*Means of involvement:*

- financial aid for restoration of national cultural heritage;
- support for projects in theatre, film, music, contemporary art, exhibitions.

4. HUMANITARIAN / SOCIAL

*Means of involvement:*

- supporting projects aiming at improving the life of disadvantaged groups;
- support for the sufferers from natural disasters.

5. ENVIRONMENT PROTECTION

*Means of involvement:*

- projects for the rehabilitation of parks;
- supporting initiatives in the environment conservation and the ecological education.

6. SPORTS AND EXPEDITIONS - Performance, determination, team spirit, commitment, competition, fair-play, are values that SIF Banat-Crișana treasures and which sports promote, thus being a means of education.

*Means of involvement:*

- promoting sport as a healthy way of life;

- sponsoring competitions or important expeditions;
- granting year-end awards to outstanding athletes from the local community.

SIF Banat-Crișana considers the following criteria in judging the requests for sponsorship / funding of projects:

- target group of beneficiaries and its size;
- area of the project and its impact in the community;
- compliance with the Corporate Social Responsibility Policy of SIF Banat-Crișana;
- reputation, notoriety and the organizational capacity of the applicant;
- total budget of the project and the size of the contribution requested from SIF Banat-Crișana.

## Ch. 12 FINAL PROVISIONS

---

The Corporate Governance Regulation will be reviewed by the Board of Directors whenever necessary.

\*\*\*

The Romanian version of this **Corporate Governance Regulation** of *SIF Banat-Crișana* was approved by the Board of Directors by Decision no. 5 of May 16, 2022, and enters into force starting June 1, 2022.

**Chairman, CEO**  
**Bogdan-Alexandru DRĂGOI**



# ANNEX 1

## Glossary

Articles of Association	SIF Banat-Crișana's constitutive act (instruments of incorporation)
Shareholders	SIF Banat-Crișana's shareholders
GMS	General Meeting(s) of SIF Banat-Crișana Shareholders
AIF	Alternative Investment Fund (undertakings for collective investment, established by instruments of incorporation/alternative investment funds) defined as per Law no. 74/2015 and Law 243/2019
AIFM	Alternative investment fund manager defined as per Law no. 74/2015
ASF	The Financial Supervisory Authority (ASF) in Romania, the regulatory and supervisory body
BVB (BSE)	Bucharest Stock Exchange
BoD or Board	SIF Banat-Crișana's Board of Directors
BVB Code	The Corporate Governance Code issued by Bucharest Stock Exchange
Control functions	The personnel (outside senior management) responsible for risk management, compliance, internal audit, and similar functions within the Company (for example, the Financial Director, insofar as he/she is in charge of preparing the financial statements)
Corporate Governance	The set of principles underlying the administration of a regulated entity, with the aim of protecting and harmonising the interests of all of the categories of participants in the activity of the regulated entity, i.e.: directors, managers, employees, clients and business partners, central and local authorities, civil society, etc.
Company Law	Law no. 31/1990 on trading companies, republished and amended
Chairperson (Chairman)	Member of the Board elected by BoD as Chairperson
CEO	The person who holds the position of Chairman of the Board of Directors and Chief executive Officer (General Director) of the Company according to the Articles of Association
Chairperson (Chairman)	Member of the Board elected by BoD as Chairperson
Control functions	The personnel (outside senior management) responsible for risk management, compliance, internal audit and similar functions within the Company (for example, the Financial Director, insofar as he/she is in charge of preparing the financial statements)
Corporate Governance	The set of principles underlying the administration of a regulated entity, with the aim of protecting and harmonising the interests of all of the categories of participants in the activity of the regulated entity, i.e.: directors, managers, employees, clients and business partners, central and local authorities, civil society, etc.
Company Law	Law no. 31/1990 on trading companies, republished and amended
Financial Auditor	The external financial auditor for SIF Banat-Crișana
Identified personnel /Company's personnel	Personnel categories, including senior management, risk takers, controllers, and any employee who receives total remuneration placing them in the same pay category as senior management and risk takers, whose professional activities have a significant impact on the Company's risk profile.
Internal regulations/IR	SIF Banat-Crișana's internal regulations
GCR	Corporate Governance Regulation of SIF Banat-Crișana
Management structure	Members of the Board of Directors and the executive management / senior

	management
Persons holding key functions	Persons whose duties have a significant influence on the achievement of the strategic objectives of the regulated entity, who are not members of the management structure and who fulfil the following tasks within the regulated entity in accordance with the applicable specific legislation as appropriate: (i) risk assessment and management (risk management); (ii) internal control/compliance; (iii) internal audit
RCO	Representative of Compliance Office / Compliance Officer
Regulated entity	The undertaking authorised, regulated, and supervised by ASF which carries out the activities and operations referred to in the applicable specific legislation
Regulations	The regulations (rules, instructions, norms, decisions, etc.) issued by the ASF, incidents on SIF Banat-Crișana's activity
Remunerations	For the purposes of this Regulation, all forms of payment or indemnity, any amount, including interest thereon, as well as any transfer of shares of the Company paid by the Company to the personnel identified in return for professional services provided by such persons
Shareholders	SIF Banat-Crișana's shareholders
SIF Banat-Crișana / the Company	Societatea de Investiții Financiare Banat-Crișana S.A.
Vice-Chairperson	Member of the Board of Directors elected as Vice-Chairperson of the Board