



Drive for
performance

Corporate Governance Code

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PREAMBLE - Implementation of Corporate Governance Principles

EVERGENT Investments' Governance code is aligned with the provisions of the FSA regulation no. 2/2016, on the application of corporate governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority, the Corporate Governance Code of the Bucharest Stock Exchange, the OECD Corporate Governance principles, as well as with the best practices in the field.

(FSA Reg. no. 2/2016 – art. 2 line f)

Corporate Governance represents all the principles that lay at the base of a regulated entity's management, with the purpose of protecting and harmonizing the interests of all categories participating to the activity of the regulated entity, namely: managers, directors, employees, clients and business partners, central and local authorities, etc.

(FSA Reg. no. 2/2016 – art. 4 line 1)

Regulated entities (...) are bound to adopt the proper measures regarding the application of a corporate governance system to insure a correct, efficient and prudential management, based on the activity continuity principle.

Corporate Governance refers to the way in which rights and responsibilities are divided among the various categories of participants to the company's activity, such as shareholders, Board of Directors, managers, employees, auditors, specifying, at the same time, the way decisions are taken within the company, how the strategic objectives are defined, what are the means of achieving them, and how the economic performances are monitored.

The practice and dialog with the shareholders confirm the need to intensify EVERGENT Investments' concern for the acceptance of formalizing corporate governance, as it was noted that organizations dedicated to the implementation of its principles have been able to ensure the institutional framework to maximize performance.

In this context, the implementation and development of corporate governance principles, as well as the development of responsible and transparent business practices represent a necessity in the foundation and implementation of the strategies and policies for investment, for portfolio management and for the implementation of the obligations of compliance.

Having thus defined the coordinates of the activity by implementing the principles of Corporate Governance, we create the premises for the growth of EVERGENT Investments performance, with a view to the creation and distribution of the profit, as well as for the harmonization of interests of all parties involved in the relationship with the company.

Thus, in accordance with FSA regulation no. 2/2016 and as a result of the fact that through the implementation and application of corporate governance code principles we insure for the company not only a balance between compliance and performance, but also a real increase of economic efficiency and of the investment environment, the Board of Directors has decided to revise the Corporate Governance Code.

The document integrates the corporate governance principles and procedures stipulated in FSA regulation no. 2/2016, the Corporate Governance Code of Bucharest Stock Exchange, as well as in the support documents identified up to the date of the present edition, which present the base practices in the field.

The Board of Directors presents to the General Meeting of Shareholders, within the Annual Activity Report, an explanatory note describing the relevant events recorded during the financial year in connection with the application of the provisions of the FSA Regulation no. 2/2016.

The implementation of the *Corporate Governance Code* in current activity ensures:

1. improved protection of shareholders' rights;
2. harmonization of the interests of all the parties involved in the relationship with the company: shareholders, directors, managers, auditors, employees, etc.;
3. increase of the transparency and efficiency of the management through a sustained communication with the shareholders;
4. a balance between compliance and performance;
5. establishment of transparent criteria in the election of the Board members and executive management;
6. necessary framework to elect a Board of Directors with a structure and composition which lead to increased efficiency of the Board; in this way it is recommended to the shareholders to consider at the election of the directors, the following issues:
 - a. the compliance with the principle of majority of non-executive directors and the majority of the independent non-executive members; a Board structure with a sufficient number of independent directors ensures the necessary consultative committees, in accordance with the recommendations of the corporate governance principles;
 - b. achievement of a balance between the number of current directors, who by experience and knowledge of the company ensures the activity continuity, and new directors which encourages the development of new ideas and practices

Compliance with incidental legislation and applicable regulations

Regarding the incidental regulation that is applied to EVERGENT Investments, corporate governance mainly set the framework (structures and processes) that allow the managers to fulfill their legal responsibilities and supervise the abidance by the law.

Legal framework governing EVERGENT Investments' activity:

- Law no. 31/1990 regarding companies, with its later amendments and additions – provisions applicable for EVERGENT Investments as a joint-stock company;
- Law no. 24/2017 on the issuers of financial instruments and market operations
- Law no. 74/2015 regarding the managers of alternative investment funds;
- Law no. 243/2019 on the regulation of alternative investment funds;
- Regulation no. 10/2015 on the management of alternative investment funds,

- Regulation no. 5/2018 on the issuers of financial instruments and market operations
- FSA Regulation no. 2/2016 regarding the application of corporate governance principles by authorities certified, regulated and supervised by the Financial Supervision Authority;
- FSA Regulation no. 9/2014 on the authorization and operation of investment management companies, collective investment undertakings and depositories of collective investment undertakings;
- FSA Regulation no. 7/2020 on the authorization and operation of alternative investment funds
- Bucharest Stock Exchange Code;
- Law 227/2015 on Tax Code
- EU Regulations on capital market (DAFIA, EU Reg. no. 231/2013, EU Reg. 596/2016, EU Reg. 679/2016, etc.).

EVERGENT Investments complies to FSA regulations regarding the corporate governance code that abides by the following requirements (FSA regulation no.2/2016 – art. 4 line 2):

- a) insuring a transparent and proper organizational structure;**
- b) proper assignment and separation of responsibilities;**
- c) proper administration of risks/risk management;**
- d) adequacy of policies and strategies, as well as of the internal control mechanisms;**
- e) insuring an efficient communication and information transfer system;**
- f) application of some solid operational procedures, that would prevent the disclosure of confidential information.**

The Memorandum of Associations comprises explicit provisions regarding:

- 1. setting the relevant criteria for the monitoring of results of executive/higher management activity, and of the company as a whole, as well as annual assessment of the way these criteria are applied;**
- 2. analysis of the adequacy, efficiency and update of the risk management system for the efficient management of held assets, as well as of the way the risks to which the company is exposed, are managed;**
- 3. insurance of the abidance by the requirements regarding the outsourcing/ assignment of operational activities, both before their being carried out and over the entire duration of the outsourcing/ assignment; or positions, both before, both before their being carried out and over the entire duration of the outsourcing/ assignment;**
- 4. analysis and setting of remuneration policies, so that these correspond to the business strategy, long-term objectives and interests and include measures for the prevention of conflict of interests occurrence;**
- 5. insurance of the development and application of ethical and professional standards to insure a professional and responsible conduct on the level of the company, in order to prevent the occurrence of conflict of interest;**
- 6. approval the risk appetite and risk tolerance limits of the company, as well as the procedure for the identification, assessment, management and reporting of significant risks the company is or may be exposed to;**
- 7. insurance of the drafting of plans to insure business continuity and for emergency situations and their half-yearly evaluation.”**

In accordance with FSA regulations, EVERGENT Investments has adopted rules and procedures regarding:

- Organizational structure. Assignment of functions and positions;

- Permanent compliance verification function;
- Permanent internal audit function;
- Permanent risk management function;
- Policies and procedures that target the adoption of investment decisions in compliance with the investment objectives and strategy and risk profile;
- EVERGENT Investments' investment strategy;
- Policy regarding the prevention and management of conflicts of interest;
- Remuneration policies and practices for the staff categories whose professional activity has a significant impact on its risk profile;
- policies and procedures for the prevention of fraudulent practices, including those for which it can be reasonably estimated that they affect the market's stability and integrity;
- Procedures and orders that allow the prompt, equitable and fast execution of orders;
- Policy for liquidity management and liquidity risk management;
- Diligence in monitoring the securities in the portfolio and exercising the attributions of shareholder in the companies in the portfolio;
- Preventing and combating money laundering and terrorist financing;
- Policies and procedures for the evaluation of assets and calculation of unitary value of net asset per share (NAV per share);
- Strategies for vote rights exercise;
- Control and protection procedures and methods in the field of electronic data processing and the guarantee of the safety, integrity and confidentiality of information;
- Accounting policies and procedures;
- Regulations and procedures regarding the assignment of activities carried out by EVERGENT Investments

Chapter 1. Organizational Structure

Assignment of Functions and Responsibilities

Compliance with the provisions of FSA Reg. no. 2/2016 - art. 4 par. 2

- a) ensuring a transparent and proper organizational structure;**
- b) proper assignment and separation of responsibilities;**

EVERGENT Investments establishes and applies decision-making procedures and an organizational and hierarchical structure that ensures the distribution of functions and responsibilities in a clear and formalized way.

The name of the company is: EVERGENT Investments.

Legal form: The company is established as a Romanian legal entity under private law, organized as a joint stock company, in the form of an investment company, classified according to the applicable regulations as an Alternative Investment Fund for retail investors, self-managed, being authorized by the F.S.A. as an alternative investment funds manager.

Company type: The Company is organized as a financial investments company, classified according to applicable regulation as Alternative Investment Fund destined for Retail Investors, self-managed, authorized by FSA as Alternative Investment Fund Manager. The company is the successor of Fondul Proprietatii Private II "MOLDOVA", reorganized and transformed in accordance with the provisions of Law no. 133/1996.

Company's operation: The Company operates in accordance with (a) the specific regulations on financial investment companies; (b) the regulations on the approved companies for trading in a regulated market; (c) the legal directives on legal person companies; (d) the provisions of the memorandum of association and internal regulations

The Company's **registered office and headquarters** which is the main office for conducting its activity is located in Romania, Bacau municipality, Pictor Aman Street, no. 94C, Bacau county.

Chapter 1.1. General Meeting of Shareholders

The General Meeting of Shareholders (GMS) is the supreme deliberation and decision body of EVERGENT Investments and operates in accordance with the legal provisions in force and the Memorandum of Association of the company. Ordinary and extraordinary general meetings are convened by the Board of Directors, in accordance with the legal and statutory provisions.

The general meeting of shareholders adopts decisions based on projects proposed by the Board of Directors and / or shareholders. The GMS decisions, signed by the chairman of the meeting, are reported to the FSA, BSE and made public by submitting and mentioning them in the Trade Register, publishing in the Official Journal of Romania part IV, posted on the company's website. The decisions of the GMS are enforceable (immediately applicable) from the moment of their adoption if, from their content or from legal provisions, no other term is provided at which they will become enforceable.

Conducting and Voting Procedures

Recommended principles: *Directors are legally bound to look after the interests of all shareholders. If shareholders do not vote, they cannot complain that their views are not taken into account.* The setting of attendance and vote procedures is the exclusive attribute of the Board of Directors.

EVERGENT Investments has implemented the voting by electronic mail since April 2008, based on Directive 2007/36 / EC of the European Parliament and of the Council of 11 July 2007, receiving the FSA's opinion on the procedure. Subsequently, the implementation of the provisions of the Directive in the FSA Regulation no. 6/2009 and currently taken over in Regulation no. 5/2018, maintained the compliance of the content of the Procedure with the requirements of the Regulation.

The Board of Directors will be able to decide on the holding of GMS through electronic means, consisting in:

1. Real-time broadcast of the general meeting;
2. Bidirectional communication in real time, that allows shareholders to address the general meeting from a distance;
3. A voting system during the general meeting that does not require the appointing of a representative to be physically present at the meeting.

This procedure abides by the community law in the field, “Directive 2007/36/CE of the European Parliament and Council of 11th July 2007 regarding the exercise of certain shareholders’ rights in the companies listed on the stock market”, transposed in national legislation.

The Board of directors recommends that for certain issues related to the agenda of the GMS, such as the discussion, approval and/or modification of the annual financial statements, the dividend settlements, election or the revocation of the Board members, holding the members of the Board accountable, the dissolution or liquidation of the company - not to use online electronic voting.

Article 6 - paragraphs 18, 19 of the Memorandum of Association of EVERGENT Investments, provides the following **quorum requirements and decision-making**:

(18) *for the validity of deliberations in the ordinary general meeting the presence of shareholders holding at least one fourth of the total number of vote rights is necessary. The resolutions of the ordinary general meetings are taken with a majority of votes cast. If the ordinary general meeting cannot work because the requirements in the previous paragraph are not met, the meeting will adjourn following a second convening, where it can deliberate on the items on the agenda of the first meeting, irrespective of the quorum, taking decisions with the majority of votes cast.*

(19) *For the validity of deliberations of the extraordinary general meeting the presence of shareholders holding at least 1/4 of total vote rights is required, and for the following convening, the presence of shareholders representing at least 1/5 of total vote rights. Decisions are taken with the majority of votes held by the present or represented shareholders. The decision to modify the main object of activity of the company, reduce or increase share capital, change the legal form, merge, dissolve or divide the company is taken with a majority of at least 1/3 of vote rights held by present or represented shareholders.*

Chapter 1.2. Board of Directors

Compliance with the provisions of Regulation 2/2016 **Chapter II Responsibilities of the Board, article 7 - 22**

The structure and members of the Board of Directors are set according to the requirements of specific law, applicable to each category of regulated entities, so that its efficiency meets the obligations assigned to it. (art. 7)

The basic responsibilities of the Board concerning the application of corporate governance principles are presented in the Memorandum of Association and developed in internal policies and/or regulations, in accordance with specific legislation applicable to EVERGENT Investments. (art. 8)

The Board is responsible for setting up a remuneration committee under the specific regulations applicable to EVERGENT Investments. The remuneration committee has the obligation to submit annually to the Board or whenever necessary reports on the activity carried out. The Board may, depending on the nature, extent and complexity of the risks inherent in the work of EVERGENT Investments and other consultative committees, issue substantiated recommendations to the Board (Article 9).

The delegation of the responsibilities of the Board to the executive / senior management is carried out in accordance with the provisions of the Companies Law no. 31/1990, republished, with subsequent amendments and completions, and of the specific legislation applicable to each category of regulated entities. (art. 10)

The Board is responsible for strategic management, fulfillment of set objectives and, depending on the management system it prepares/endorse the business plan and has the obligation, based on formal and transparent positions, to evaluate the financial position. (art. 11. - (1))

The Board is bound to set relevant criteria for the monitoring of executive /higher management activity results and EVERGENT Investments as a whole, and to evaluate the way these criteria are applied, on an annual basis. (art. 11. - (2))

The activities carried out by EVERGENT Investments and its development perspectives are analyzed at least once a year by the Board. (art. 12.)

The Board is responsible to make sure that there is a proper framework for the verification of the way in which specific law regarding F.S.A reporting is applied (art. 13)

The Board may decide, together with the financial auditor, on a formal and transparent framework through which correct, complete and on time information are provided, concerning the way in which financial reporting principles and practices, including prudential reporting ones, are applied. (art. 14)

The Board is responsible to making sure there is a proper framework in place, for the verification of information sent to FSA, at its request, regarding certain actions carried out

by the regulated authority (Art. 15).

The Board analysis the adequacy, efficiency and update of the risk management or administration system, for an efficient management of assets held by EVERGENT Investments, as well as the way the risks the company is exposed to, are managed. (Art. 16.1).

The risk administration/management system previously mentioned insures the concordance of control activities with the risks generated by the activities and processes that are subject to the control. (art. 16. 2)

The internal control system of EVERGENT Investments is set up on an adequate hierarchic level and directly reports to the Board or executive/higher management, depending on the case, it is independent from the operational organizational structures and support structures it controls and monitors. (art. 17. 1)

The internal control system of EVERGENT Investments insures the verification of the adequacy of the risk identification, evaluation, monitoring, management and reporting actions, the viability of financial and non-financial information reported internally and externally, and their compliance with specific, applicable law, as well as with EVERGENT Investments' internal decisions. (art. 17. 2)

The Board insures the abidance by the requirements regarding the outsourcing or assignment of some operational activities or functions, both before they are carried out and while these are outsourced or assigned (art. 18-(1)).

The outsourcing or assignment of some operational activities or functions is made only according to specific legislation and provided that none of the following consequences will occur:

- a) significant deterioration of the quality of EVERGENT Investments' governance system*
- b) unjustified increase of operational risk ;*
- c) impossibility of FSA to monitor the abidance by EVERGENT Investments by its assigned obligations ;*
- d) prevention of the provision of continuous and quality services to the consumers of financial products. (art. 18. - (2))*

The Board / Committee analyses and sets the fixed and variable remuneration policy of EVERGENT Investments so that it corresponds to the business strategies, objectives and long-term interests of the Company and includes measures to prevent the occurrence of conflicts of interest. (art. 19. - (1))

The Board makes sure that all engagements regarding remuneration are correctly and responsibly structures and that the remuneration policies allow the promotion of efficient risk management without taking on risks that exceed EVERGENT Investments' risk tolerance level. (art. 19. - (2))

EVERGENT Investments' basic fixed remuneration policy and variable remuneration policy is established on the basis of a substantiated analysis and well-defined indicators of the individual's remunerated performance, correlated with the collective performance and on the

basis of a judicious distribution of the company's expenses, where it is possible, as well as in view of avoiding the establishment of incentives to encourage excessive risk-taking or in accordance with the principles set out in company-specific regulations. The performance indicators are established according to the specifics of the EVERGENT Investments activity. (Articles 19 - (3) and (4))

The remuneration level is set in strict connection with the responsibilities and engagements corresponding to the attributions. (art. 20)

The Board, executive/high management, depending on the case, is bound to communicate with the interested parties, based on a communication strategy, that abide by at least the following requirements:

- a) ensuring an equitable treatment of shareholders and interested parties;*
- b) communication of information in due time;*
- c) insuring a transparent communication framework.(art. 21)*

For EVERGENT Investments' Group, the Board of EVERGENT Investments (mother-company) has the general responsibility to insure adequate internal governance within the group, namely a governance system that is adequate for the structure, activity and risks both on the level of the group and that of subsidiaries. (art. 22. - (1))

The Board of EVERGENT Investments sets a government system that contributes to the efficient supervision of its subsidiaries and takes into consideration the nature, extent and complexity of the risks that the group and subsidiaries are exposed to, while at the same time abiding by legal and governance responsibilities of the agencies. (art. 22. - (2))

The subsidiary board applies principles and policies of internal governance similar to those of the parent company, unless there are other legal requirements that lead to the establishment of its own policies. (art. 22 - (3))

The board of the subsidiary together with that of the parent company evaluates decisions and practices at group level to ensure that they do not lead to non-compliance with the legal provisions or prudential rules applicable to the subsidiary and do not affect sound and prudent management. (art. 22 - (4))

The company is managed by a Board of Directors comprised of 5 members, natural individuals, selected by the general meeting for a period of 4 years with the possibility of being re-elected. The members of the Board of Directors are FSA certified.

In its activity, the Board of Directors adopts resolutions. The resolutions of the board of directors are valid if more than half its members are present and decisions are adopted with the majority vote of present members. The president of the Board of Directors will have decisive vote in case of a tie. The president of the board of directors who, at the same time, is CEO of the Company cannot have a decisive vote. Legally adopted resolutions are binding for the directors and other managers, and are enforceable from the time they are communicated in writing or from the general notice sent through the secretariat of the Board of Directors, if they do not foresee a later deadline on which they are to come into force, in their wording.

The Board of Directors elects a president and vice-president from among its members. The president of the Board of Directors can also cover the CEO position in the company; the vice-president can also cover the adjunct CEO position. The president chairs the meetings. In case

the president is absent, the works are conducted by the vice-president.

The President of the Board of Directors has the following basic responsibilities:

- (a) coordinates the work of the Board of Directors;
- (b) convenes the Board of Directors;
- (c) establishes the agenda of the Board;
- (d) ensures that the members of the Board are properly informed on the items of the agenda;
- (e) chairs the meetings of the Board;
- (f) ensures the representation of the Board of Directors in relation to the Managers by signing the administration and management contracts;
- (g) monitors the compliance of the decisions of the Board;
- (h) signs the minutes of the meeting of the Board of Directors together with another director, if he has chaired the meeting;
- (i) conducts the work of the GMS and submits to the debate and approval of the GMS the issues on the agenda;
- (j) oversees the proper functioning of the company's structures.

The President may have other attributions established by the Board of Directors of the company by decision or expressly provided in legal provisions.

The Vice-president of the Board of Directors fulfills the attributions of the President, in his absence. The vice-president may have other attributions established by the company's Board of Directors by decision or expressly provided in legal provisions.

The members of the Board of Directors may be represented at the meetings of the board only by other members. A member present may represent a single absent member.

The statutory provisions regulate the situations regarding:

- (a) the management of the company in the transitional period between the date of expiry of the terms of office of the former directors and the date of validation of the new directors by the competent authority;
- (b) the procedure for completing the Board of Directors when there are vacancies;
- (c) organizing and conducting the meetings of the Board of Directors.

The Board of Directors has the following basic competencies that cannot be assigned:

- (a) setting the company's main activity and development goals;
- (b) setting the accounting policies and the financial supervisory system, as well as approving the financial planning;
- (c) appointing and revoking directors and setting their rights and obligations;
- (d) supervision of directors' activity;
- (e) drafting the annual report, organization of the general shareholders' meeting and implementation of its resolutions
- (f) submission of the request for the opening of the company's insolvency procedure;
- (g) accurate fulfillment of all attributions set for the Board of Directors by the general meeting of shareholders;
- (h) setup/ closing of subsidiaries and other secondary offices, without legal personality, or change of their headquarters;
- (i) setting and approval of the vote procedures in the general meeting of shareholders;

- (j) setup of other companies or legal entities, including holdings in the share capital of other companies, according to legal regulations;
- (k) pledging, renting, setup of first degree movable security and mortgage on the company's property, under the following conditions:
 - purchase, sale, exchange documents, or setup as guarantee documents for certain assets in the issuer's fixed assets category, whose value exceeds, either individually or cumulatively, 20% of total fixed assets less claims in a financial year are entered by the Board of Directors or company's directors, only after their prior approval by the extraordinary general meeting of shareholders;
 - rental of tangible assets, for a period longer than one year, whose individual or cumulated value for the same contractor or individuals involved or individuals acting in concert, exceeds 20% of the total tangible assets value less claims on the date the legal document is concluded, as well as associations for a period longer than one year, exceeding the same value, are to be previously approved by the extraordinary general meeting of shareholders.
- (l) setting the relevant criteria for the monitoring of the executive/higher management's activity results and of the company as a whole, as well as the annual evaluation of how these criteria are applied;
- (m) analysis of the adequacy, efficiency and update of the risk management system for the purpose of the efficient management of held assets, as well as the management of the risks the company is exposed to;
- (n) making sure that the requirements regarding the outsourcing/assignment of certain operational activities or positions, are abided by both before these are made and during their outsourcing/assignment;
- (o) analysis and setting the remuneration policy so that it corresponds to the business strategy, long-term objectives and interests and includes measures to prevent the occurrence of conflicts of interest;
- (p) insuring the development and application of ethical and professional standards to insure a professional and responsible conduct on the level of the company, in order to prevent the occurrence of conflicts of interest;
- (q) approval of the company's risk appetite and risk tolerance limits, as well as of the procedures for the identification, evaluation, monitoring, management and reporting of the significant risks that the Company is or could be subjected to;
- (r) insuring the drafting of plans to insure the continuity of the activity and for emergency situations and their half-yearly evaluation."

Other attributions of the Board of Directors:

- (a) drafting general investment policies;
- (b) contracting cash loans;
- (c) entering contracts with the depositor, auditor and entity keeping the shareholders' records;
- (d) assignment of company representation right to other directors, setting the limitations of the mandate;
- (e) approval of the company's internal regulation and internal control procedures, internal audit, risk management and legal assistance for employees, directors and members of the Board of Directors;
- (f) negotiation of collective employment contract;

- (g) approval of the setup/dissolution of the Management Committee with the quorum for adopting resolutions foreseen in the Memorandum of Association;
- (h) approval of the company's organization, organizational chart, functions status and wage limitations;
- (i) appointing the individual(s) to replace the director;
- (j) approval of the participation level to the benefit plans for managers and directors, paid including through the assignment of shares or options to purchase company shares, abiding by statutory provisions;
- (k) making sure that the company has an IT system that allows the safe keeping of market price records for each asset in the portfolio, net asset value, unitary value of net asset for the regulated reporting periods, records of the calculation method for all commissions, taxes and fees due, keeping the records of these operations for at least five years;
- (l) approval of the activity reports of the internal audit, internal control and risk management departments;
- (m) approval of the investigation plan of the compliance department;
- (n) ordering measures for the remedy of any infringement of the laws or regulations in force applicable to the capital market or internal procedures by EVERGENT Investments or its employees, following the analysis of the suggestions submitted in writing by the compliance officer;
- (o) notification of FSA and other capital market institutions involved on the situations ascertained by the compliance officer regarding the infringement of legal regime applicable to the capital market and adopted measures;
- (p) approval of the multiannual and annual internal audit plan and of the necessary resources;
- (q) approval of the multiannual and annual internal audit plan and measures for the implementation of recommendations;
- (r) approval of crisis simulation results;
- (s) approval of the quarterly risk reports of the Risk Management Department;
- (t) approval of the classification of information in the *privileged and confidential information* categories and measures taken to manage them;
- (u) approval of assets evaluation methods according to SEV Evaluation standards and GEV evaluation guides, mandatory according to the legal provisions to carry out evaluation activities in Romania, mainly:
 - market-based approach methods;
 - income-based approach methods;
 - cost-based approach methods.
- (v) approval and examination of any modification of the assets evaluation policies and procedures;
- (w) settling any other issues set by the general meeting of shareholders or legal regulations and provisions.

The main objective of the Board of Directors on the average and long term, defined and determined by the particularities of EVERGENT Investments and the macroeconomic context it operates in, is to insure a balance between the continuity of the activity under optimal conditions and meeting the shareholders' expectations.

The obligations and responsibilities of directors are regulated by the provisions regarding the mandate and the special provisions foreseen by Companies' Law no. 31/1990, Law 74/2015 on

the managers of alternative investment funds, Law no. 297/2004 on the capital market, Law no. 24/2017 on issuers and market operations, FSA regulation applicable and the provisions of the Memorandum of Association.

The members of the Board of Directors have the appropriate knowledge, skills and experience to understand the company's activities, especially the main risks associated with these activities, as well as the assets in which EVERGENT Investments invests. The members of the Board of Directors shall at all times comply with the requirements of reputation, honesty and integrity, in accordance with the relevant regulations.

Chapter 1.3. Consultative Committees of the Board of Directors

The Board of Directors can create Consultative Committees comprised of board members, assigned with the carrying out of investigations and issue of recommendations for the board, in fields such as audit, remuneration of directors, managers and employees or appointment of candidates for various management positions¹, a.o. The Board of Directors sets the internal rules of the setup committees.

Consultative committees are usually comprised of non-executive and independent members who supervise the specific activity of the management and executive. Thus, there is a clear division of supervision and control responsibilities in relation to the attributions of executive management for current activity.

The committees' activity is coordinated by a president, selected from among its members. The Board of Directors will be immediately informed about the election of the president. The Board of Directors can set additional responsibilities for Committee president, setting at the same time, their proper remuneration.

The consultative committees of the Board of Directors must be comprised of at least 2 members², according to legal and statutory provisions.

EVERGENT Investments abides by legal requirements and BVB regulations, as follows:

- at least one member of each committee must be a non-executive, independent director ;
- the audit and remuneration committee are comprised solely of non-executive directors;
- at least one member in the audit committee must have experience in the application of accounting principles or in financial audit;
- the *Appointing-Remuneration Committee* is comprised by non-executive members, and most of the members must be independent – BVB recommendation for the Premium category;
- the *Audit Committee* must be comprised by at least three members and most members of the audit committee must be independent” - BVB recommendation for the Premium category
- the *Investments Committee* is comprised by non-executive members, most of the committee members should be independent.

Audit Committee

The Audit Committee is a permanent committee of the Board of Directors, independent of EVERGENT Investments' executive management. The Audit Committee supports the Board of Directors in fulfilling its attributions in the field of financial reporting, internal control, internal and external audit and risk management. The Committee issues recommendations regarding various topics that are object of the decision-making process.

¹ Law 31/1990 art. 140[^]2 line (1) The Board of Directors can create consultative committees comprised of at least 2 board members and authorized with carrying out investigation and drafting of recommendations for the board, in fields such as: audit, remuneration of managers, directors, censors and staff or appointing candidates for various management positions. The committees will present the Board regular reports on their activity.

² Memorandum of Association, art. 7, line 24- The Board of Directors can setup consultative committees comprised of at least two board members, assigned with the carrying out of investigations and drafting of recommendations for the Board, abiding by the applicable legal framework in fields such as audit, remuneration of directors, manager and staff or appointing of candidates for various management positions. The Committees shall regularly submit the Board reports on their activities.

The members of the Audit Committee are appointed by the Board of Directors. The audit committee is comprised of a number of 3 members elected from among non-executive managers. The majority of members of the Committee will be independent non-executive managers (in the meaning of Companies' Law no. 31/1990). The president of the Committee will be an independent non-executive director.

The Audit Committee should have the qualifications foreseen by the law in the field in which the company activates. At least one member of the Audit Committee should have competencies in the accounting and statutory audit field, proven by qualification documents for these particular fields.

Attributions, responsibilities:

- (a) it informs the Board of Directors regarding the result of statutory audit and explains to which extent it contributed to the integrity of financial reporting and the role of the Audit committee within this process;
- (b) it monitors the financial reporting process and submits recommendations or proposals to insure its integrity;
- (c) it endorses the Accounting Policies Manual of EVERGENT Investments;
- (d) it monitors the efficiency of the internal control, quality and risk management systems of the Company and internal audit regarding EVERGENT Investments' financial reporting, without affecting its independence.
- (e) It monitors the audit of annual financial statements and consolidated annual financial statements, especially their preparation, taking into consideration the conclusions of the competent authority, in accordance with applicable regulations in force;
- (f) It analyses the audit report and/or opinion of the financial auditor regarding essential aspects that result from the financial audit, as well as the process of financial reporting process and recommends measures to be taken;
- (g) It analyses the ascertainments and recommendations of the financial auditor regarding significant deficiencies of internal control with regard to the financial reporting process;
- (h) It is responsible for the selection procedure for the financial auditor or the audit company and makes recommendations for the Board of Directors regarding its selection, appointment and replacement, submitted for GMS' approval, as well as the terms and conditions for its remuneration, in accordance with applicable regulations in force;
- (i) It evaluates and monitors the independence of the financial auditor or audit company and especially, the scope of the deliveries of services that are not audit activities, in accordance with regulations in force;
- (j) It evaluates conflicts of interest related to the transactions of the company, its subsidiaries as well as of its managers, directors and employees with affiliated parties;
- (k) Any transaction of the company with any of the company it has close relations with, whose value is equal or higher than 5% of the company's net assets (in accordance with the latest financial report) is approved by the Board, following a mandatory judgment of the Audit Committee;
- (l) It endorses the Internal Audit Charter and internal audit and internal control procedures;
- (m) It analyses and approves the multiannual and annual internal audit plan, significant interim modifications and the resource need related to these activities;
- (n) It analyses and endorses the annual investigations plan of the compliance department and its modifications;

- (o) It makes sure that the internal audit and internal control analysis made and reports drafted are compliant with the audit and control plans approved by the Board of Directors;
- (p) It monitors the application of the legal standards and generally accepted internal audit standards. The Audit Committee receives and evaluates the reports of the internal audit team, it analyses and endorses the ascertainments and recommendations of internal audit and measure plan for its implementation.
- (q) It receives the report of the compliance officer, analyses and endorses the ascertainments and recommendations made and the measure plan for their implementation;
- (r) It analyses and endorses the annual report regarding internal audit activity;
- (s) It analyses and endorses the annual report regarding the compliance activity;
- (t) It analyses and endorses the annual report regarding the risk management activity;
- (u) It analyses and endorses the risk policy, risk procedures and methodologies for risk management;
- (v) It analyses and endorses the risk reports of the risk management department.

The Appointing-Remuneration Committee

The appointing committee is a permanent committee, with consultative function, independent from the executive management of EVERGENT Investments, subordinate to the Board of Directors.

The Committee assists the Board of Directors in fulfilling its responsibilities in the field of appointing members for management positions and their payment.

The Committee is comprised of at least 2 non-executive members, of which at least one is an independent member, meaning that he abides by the independence principle foreseen by art. 18 of *FSA Regulation no. 1/2019 on the evaluation and approval of the members of management structure and individuals holding key positions in entities regulated by the Financial Supervision Authority*.

Attributions, responsibilities:

- a) It drafts recommendations regarding the appointing policy applicable to managers and directors of the company to be presented for the approval of the Board of Directors;
- b) It endorses, before the Board of Directors' approval and monitors the abidance by the remuneration policy for directors, managers and employees of the Company, prepared and applied by the company's executive management. In case there are irregularities in the drafting or the remuneration policy, the members of the committee immediately inform the executive management in writing about the situations identified and follow-up their remediation, informing the members of the Board of Directors accordingly. Executive management is bound to submit a written answer to the Committee within 3 work days from the time the former notification is received, and in its turn will inform the members of the Board of Directors. In case executive management refuses or unjustifiably delays the applications of the modifications requested by the Committee, the Board of Directors is bound to submit F.S.A a report on the infringements identified in EVERGENT Investment's remuneration policy. The report should be sent within 10 work days from the written notification of the Appointing-Remuneration Committee;
- c) It can draft recommendations regarding the remuneration policy on EVERGENT Investments Group level;

- d) It submits the Board of Directors the annual report on remunerations and other advantages offered to directors and managers during the financial year;
- e) It is informed about the documentation that is submitted to the financial auditor for the analysis of transactions reported as per art. 292³ Law no. 24/2017 on legal documents entered with managers and directors, and following the audit report, will recommend measures to be taken, if any;
- f) it drafts recommendations regarding the covering of vacant positions in the Board of Directors, abiding by GMS resolutions and applicable law;
- g) it drafts recommendations regarding the adopting of the resolution of the Board of Directors and/or executive management for the appointing, employment, discharge of office, or dismissal of department managers and staff in key positions and control position, as well as for setting the their indemnity level and rights and obligations;
- h) It periodically evaluates the level of acquirement and application of specialized knowledge and makes recommendation regarding the continuous update process of the professional knowledge of managers and directors;
- i) It makes recommendations for the improvement of knowledge regarding the company's activity for the purpose of applying best corporate governance practices;
- j) It monitors the abidance by the transparency, information and reporting requirements and obligations, concerning information in this activity area

The annual report of the Remuneration Committee is presented to the General Meeting of Shareholders with the Company's financial statements, in accordance with the provisions of art. 49 FSA Regulation no. 2/2016.

Investment Committee

The investment committee is a permanent committee with consultative function, independent from EVERGENT Investments SA's executive management, subordinate to the Board of Directors.

The Investments Committee assists and supports the Board of Directors in fulfilling its obligations in the field of drafting investment strategies and policies, implementation of investment policy, analysis of financial instruments performance analysis and management of corresponding risks.

The committee is comprised by at least 2 non-executive members, of which at least one is an independent member, meaning that it abides by the independence principle foreseen under art. 18 of *F.S.A. Regulation no. 1/2019 on the assessment and approval of the members of management structure and individuals holding key positions within entities regulated by the Financial Supervision Authority*.

The Investment Committee has the following attributions:

- (a) It issues recommendations to the Board of Directors regarding the investment strategy and policy;
- (b) It issues recommendations to the Board of Directors regarding the main activity and development directions of the Company;
- (c) It issues recommendations regarding annual investment objectives presented in the annual activity programs;

- (d) It issues recommendations to the Board of Directors regarding new investment/disinvestment programs that are to be approved by the Board of Directors;
- (e) It issued recommendations for the Board of Directors regarding:
- Performance maximization for financial instruments portfolio;
 - Assignment of assets to increase performance, in reference with the activity program approved by GMS, with the Investment Strategy and Policy (AIFM) and economic forecasts;
- (f) It analyses any investment proposals it receives and suggest new investment opportunities to the Board of Directors and methods to improve the efficient assets management activity. Investment suggestions that are object of the Investment Committee's analysis shall mainly target:
- Investments in companies in which EVERGENT Investments holds control, in accordance with statutory provisions and BD resolutions:
“art. 7 line (18) letter j) decides the set-up of other companies or legal entities, including participation to the share capital of other companies, under the conditions foreseen by legal regulations”
 - Transactions with securities or holding titles in the portfolio not included in the annual activity program that are over 20 mil. lei;
 - Investments in new projects, transactions with newly issued securities and/or not included in the portfolio, as well as the development of new strategic lines;
- (g) It analysis and issued recommendation on capital operations, increase, decrease of share capital, as well as share buy-back programs for the purpose of lowering the share capital or for the running of Stock Option Plan programs;
- (h) It issues recommendations regarding the restructure strategy of the assets portfolio;
- (i) It issues recommendations regarding the strategies for portfolio optimization;
- (j) It carries out investigations in its area of competence.

Advisor of the Board of Directors

Through a decision of the Board of Directors, individuals may be employed as Board of Directors Advisers.

Main attributions:

- (a) It analyses and submits observations and suggestions based on the documents/ notes drafted by the other structures on topics submitted to attention or FSA approval and to other competent authorities;
- (b) It identifies from the analysis of the subjects submitted for debate to the management structures, aspects that are not properly regulated and submits suggestions to improve the regulation framework;
- (c) It analyses and submits observations and proposals regarding the way in which corporate governance code by EVERGENT Investments and the measures that have to be adopted to apply BVB recommendations in the Corporate Governance Code, including those regarding the contents of EVERGENT Investments' Corporate Governance Code;
- (d) It makes proposals regarding the revision of internal regulations and improvement of the activity organization of the Board of Directors/BD secretariat and consultative committees, including regarding the organization and functioning regulations of these structures;
- (e) at the express request of the management structures or its members, she/he monitors the way in which management resolutions are fulfilled;

- (f) It may participate, following the appointing by the management or its members, to external work meetings, and drafts reports thereafter;
- (g) It offers specialized assistance to non-executive BD members

Assignment of competence on the level of the Board of Directors

The Board of Directors approves the assignment of competencies and sets the competence limits for the CEO, deputy-CEO and Management Committee.

The operations carried out based on the competences assigned to directors are reported to the board of Directors through written or verbal reports.

The Board of Directors has assigned the CEO and deputy-CEO the attributions presented in the present regulations.

The Board of Directors approves competence assignments and/or representation rights to other managers, setting their limitations. The operations made based on the competencies assigned by the Board of Directors to other managers are object of reports that will be presented during the meetings of the Board of Directors.

Chapter 1.4. Executive Management

Abidance by the provisions of Reg. 2/2016

Chapter 3 Executive Management Responsibilities (...) art. 23 - 28

Executive/ higher management is responsible for the management and good running of the activities of the regulated entity, including those of the application of policies, strategies and objective reaching. (art. 23)

EVERGENT Investments includes in its internal procedures, policies and regulations, provisions regarding the recruiting and selection of the members of executive/higher management and renewal of the mandate of existent ones. (art. 24 – (1))

EVERGENT Investments makes sure that the members of executive management/ higher management prove to have the professional competence and relevant experience in compliance with the activity carried out and assigned attributions, knowledge about the applicable law and good practices and have a good reputation and integrity. (art. 24 – (2))

To fulfill its attributions and exercise its competence executive/higher management acts within a well-structured framework with specific objectively, clearly defined and in accordance with applicable specific legislation. (art. 25)

Executive/higher management supplies the Board with qualitative and quantitative information in due time, at its request or through its own initiative, following the fulfillment of obligations in an operative and efficient manner. (art. 26)

Executive/higher management is responsible for the integrity and accuracy of reports and other information regarding the activity and financial status of the regulated entity, according to applicable specific legislation. (art. 27)

Executive/higher management makes sure that the information sent to FSA, at the latter's request, is available according to specific law applicable to each category of regulated entities and that the information reporting deadline has been abided. (art. 28)

The executive management of the company is insured, in compliance with the provisions of the Memorandum of Association, resolutions of the Board of Directors and regulations in force, by the CEO and deputy-CEO³, who act as directors of the Company in the sense of Companies' Law no. 31/1990. The executive managers meet the legal requirements to cover their positions, have a good reputation and sufficient experience as per FSA regulations, including regarding the investment strategies followed by AIFM managed AIF.

³ Art.20 of the Memorandum of Association The Board of Directors assigns the management of the company to the CEO and deputy-CEO.

The managers and administrators of the company enter Management and/or Administration Contracts with the Company, abiding by the applicable legal framework. The contents of these contracts entered with the Company will be disclosed and/or made public under the conditions required by applicable regulations.

The executive management is appointed by the Board of Directors according to statutory provisions, the identity of the respective individuals being immediately notified to FSA.

Executive management:

- is empowered to manager and coordinate the daily activity of the company, corresponding to the activity coordinated by each director.
- is responsible for the application of general investment policies, insurance of the abidance by internal regulations and work procedures.
- informs the Board of Directors regarding the activity carried out between its regular meetings.

In the risk management field, executive management is responsible for the following:

- (a) insures the implementation of the Risk management policy, procedures and method for the identification, measurement, management and monitoring of risks to which the company is or could be exposed to, approved by the Board of Directors;
 - (b) adopting proper and efficient measures, processes and techniques for the monitoring and control of all relevant risks, in compliance with the risk management policy;
 - (c) providing the resources necessary for the implementation of the risk management system;
 - (d) setting the competences and responsibilities concerning risk management on each line of activity;
 - (e) application and proper and efficient abidance by the risk limits taken on, including in crisis situations, as well as abiding by the risk profile approved by the Board of Directors;
 - (f) making sure crisis simulations are carried out;
 - (g) setting and maintaining a proper risk exposure reporting system;
 - (h) half-yearly evaluation of the plan to insure activity continuity and for emergency situations for the purpose of eliminating or minimalizing risks;
- (a) development of an integrated risk culture on the level of EVERGENT Investments, based on a full understanding of the risks the company faces and the way these are managed, taking into consideration its risk tolerance/appetite;

In the field of compliance insurance, directors are responsible for:

- (a) the approval of the compliance policy (could be as integrated document or selection of distinct internal regulations);
 - (b) analysis, at least once a year, of the compliance policy and of the way it is implemented in EVERGENT Investments;
 - (c) provisions of the resources necessary for the implementation of compliance policy;
- (a) ordering measures for compliance risk control.

CEO

The CEO enforces the resolutions of the Board of Directors, for which purpose he issues written resolutions and orders. The resolutions and orders are immediately enforceable and produce effects one notified to the individuals authorized to fulfill them.

The CEO has the following attributions:

- (a) direct and actual management of the company's activity, in compliance with the general objectives set by GMS;

- (b) implementation of the company's general investment policy;
- (c) management of the company's patrimony within the limitations set by the law, the Memorandum of Association or Board of Directors;
- (d) patrimonial engagement of the company in its legal relationships with third parties, through own signature;
- (e) conclusion of contracts, with the exception of those that are the exclusive competence of the Board of Directors ;
- (f) approval of measures regarding the protection of the integrity of tangible and intangible assets in the company's patrimony;
- (g) third parties trading and/or negotiation attributions regarding the goods or rights of the company within the limitations set by the law, the Memorandum of Association, GMS resolutions or resolutions of the Board of Directors;
- (h) representation of the company in its relationship with third parties and in court;
- (i) collaboration with the company's auditors, the depositary of the company and the entity holding the shareholders' records, as well as with other control or supervision bodies of the company;
- (j) approval of the contents of the information reports for the market and the shareholders regarding any action or deed that is object of a legal reporting obligation;
- (k) internal (functional) organization of the company, taking into consideration the legal provisions, company's Memorandum of Association, internal regulation, organizational chart and position status of the company, as well as the resolutions of the Board of Directors;
- (l) employment, promotion and dismissal of company's employees with the exception of department managers and staff holding key positions that are appointed by the Board of Directors, as well as the application of disciplinary measures on employees, according to legal provisions and internal regulations;
- (m) periodical notification of employees as well as negotiations with them regarding the individual employment contracts and work conditions;
- (n) remuneration of employees within the limits set in the individual employment contracts and/or by the Board of Directors;
- (o) verification and control attributions of the way the employees of the company carry out their tasks or of other individuals with contracts entered with the company;
- (p) notification of the Board of Directors regarding the activity carried out according to applicable law;
- (q) other attributions set by the company's Board of Directors through resolution or expressly foreseen by legal provisions.

The CEO coordinates the entire activity of the company, according to executive staff attributions and organizational chart. He coordinates the daily activity of the Internal Audit, Compliance, Risk Management, Financial, Legal and Corporate Governance Departments and Relationship with Investors, IT Department, Assets Evaluation Department, Human Resources- Logistics Department, the activity regarding labor safety and health and fire prevention and extinction activity.

The CEO directs and coordinates the Management Committee.

In case of absence, the attributions assigned by the Board of Directors will be the competence of the Deputy CEO and the actual management of the company will be insured by the deputy CEO and one of the individuals appointed as replacement, FSA notified.

Deputy CEO

The deputy CEO has the following attributions:

- (a) implementation of the Board of Directors resolutions;
- (b) direct and actual management of the company's activity in compliance of the general objectives set by GMS;
- (c) management of the company's patrimony within the limitations set by the law, Memorandum of Association, resolution of the general meetings of shareholders or Board of Directors;
- (d) patrimonial engagement of the company in its legal relationship with third parties through his own signature in agreement with the provisions of internal regulations and within the set competence limitations;
- (e) conclusion of contracts, with the exception of those that are the competence of the Board of Directors and/or CEO;
- (f) approves the measures regarding the protection of the integrity of movable and immovable assets in the patrimony of the company;
- (g) trading and/or negotiating attributions in the relationship with third parties regarding the goods or rights of the company within the limitations set by the law, the Memorandum of Association, GMS resolutions or resolutions of the Board of Directors;
- (h) company's representation in its relationship with third parties and in court;
- (i) collaboration with the company's auditors, the company's depository and central depository, as well as with the other control and supervision bodies of the company;
- (j) approval of the content of market and shareholders informational reports regarding any action that is subjected to a reporting obligation;
- (k) internal (functional) organization of the company, taking into consideration the legal provisions, Memorandum of Association of the company, internal regulation, organizational chart as well as the resolutions of the Board of Directors;
- (l) control and promotion of company employees according to legal and internal regulations;
- (m) remuneration of employees within the limitations set by the individual employment contracts and/or the Board of Directors;
- (n) verification and control attributions regarding the way the company's employees or other individuals in a contractual relationship with the company fulfill their tasks;
- (o) notification of the Board of Directors of the company regarding the activity carried out, according to applicable law;
- (p) other attributions set by the Board of Directors of the company through resolutions or expressly foreseen by legal provisions.

The deputy-CEO insures the daily coordination of the following departments: "ENERGY-INDUSTRIAL" Portfolio, "FINANCIAL-BANKING" Portfolio, "SELL" Portfolio, "PRIVATE – EQUITY" Portfolio, "Transactions" Department". The components of the financial instruments portfolios are set through the resolution of the Board of Directors.

In case of absence, the attributions assigned by the Board of Directors shall be the competence of the CEO and the actual management of the company will be insured by the CEO or one of the individuals appointed as replacement and notified to FSA.

Management Committee

The members of the Management Committee are decided through a resolution of the Board of Directors.

Each executive-manager of the company coordinates the daily activity of certain departments, according to the organizational chart, and adopted individual decisions on specific activity areas, and together they adopt resolutions within the actual collective work body, the Management Committee, applying the legal requirement that directors insure the actual management of the company.

For this purpose, the Committee adopts resolutions regarding:

- the implementation of the investment strategy set by the Board of Directors
- implementation of Board of Directors' resolutions targeting assigned competencies
- issues that fall under the competence area of the Board of Directors and that are to be presented for its debate and approval, concerning assigned attributions
- issues that through their nature might impact all activity lines (business, support, compliance)
- issues that require full understanding and harmonization of business and compliance aspects, in order to adopt a decision.

The meetings of the Management Committee represent at the same time the internal framework for the full and reciprocal information of directors on issues specific for the coordinated areas.

The competence limits of the Management Committee, CEO and deputy CEO are set taking into account the basic responsibilities of the Board of Directors that cannot be assigned (provisions of art. 7 line 19 letters a-k of the Memorandum of Association).

Organization and conduct of the Management Committee's activity

Between the meetings of the Board of Directors, the Management Committee carries out its activity within the set competence limits.

The decisions of the Management Committee will be reported on a monthly basis to the Board of Directors and presented for the validation by the Board of Directors in the first meeting.

The legally adopted decisions are mandatory for the directors and employees and enforceable from the time they are communicated in writing, if there is no other later deadline for their becoming enforceable mentioned in their content.

The decisions of the Management Committee are adopted with an unanimity of its members' votes. In case there is no unanimity and if the Committee ascertains it is necessary, the subject is presented for the analysis and/or approval of BD. Otherwise, it is considered that the decision has not been adopted.

The CEO directs and coordinates the Management Committee and in this quality he:

- (a) convenes the Management Committee whenever necessary to present issues that fall under its competence for debate and approval;
- (b) follows up the fulfillment of the Management Committee's resolutions;
- (c) informs on adopted decisions, in each meeting of the Management Committee.

Chapter 1.5. KEY POSITIONS

Abidance by the provisions of Reg. 2/2016

Ch. III Responsibilities (...) of individuals holding key positions art. 29 - 31

The attributions of key positions are assigned, according to specific legislation applicable to EVERGENT Investments to individuals who have professional competence and experience. (art. 29)

EVERGENT Investments applies internal procedures regarding good reputation and integrity evaluations for own staff in key-positions, as well as for the staff in outsourced key-positions. (art. 30)

EVERGENT Investments includes in its internal procedures provisions regarding the transmitting of the information necessary to fulfill the attributions of key-positions (art. 31).

Individuals who hold key positions in EVERGENT Investments, as defined in accordance with art. 2 line (2) letter h) items i), ii), iii) of Regulation no. 2/2016 are:

- staff of the Risk Management Department – FSA authorized position;
- compliance officer(s) – FSA authorized position;
- The staff of the Internal Audit Department – FSA notified position (the notification is submitted at least 15 work days before the start of the attributions exercise, in accordance with the provisions of Reg. no. 1/2019);

The assessment of individuals holding key positions is made according to the provisions of Regulation no. 1/2019 on the assessment of the members of management structure and individuals holding key positions in entities regulated by F.S.A.

The details regarding the assignment of functions and responsibilities for individuals holding key positions is presented in the chapters concerning Internal audit, Risk Management and Compliance functions.

Chapter 1.6 DIRECTOR

The director is the employee of the company and is subordinate to the Management Committee. The attributions of the Director are set by the Management Committee.

The director:

- coordinates the daily activity of departments and provides the framework necessary to carry out the activities of the coordinated departments according to the organization chart;
- ensures the enforcement of the resolutions of the Management Committee and CEO;
- informs the Management Committee and CEO about the activity carried out.

The director has mainly the following attributions:

- (a) he ensures the daily coordination of departments and necessary framework for the running of the activities of coordinated departments, in accordance with the Organization Chart by organizing, planning and supervising their activities, for the purpose of reaching specific objectives at high performance levels;
- (b) he organizes, guides, verifies and supervises internal activities and activities between departments applying the necessary measures for the proper running of internal processes in accordance with specific procedures approved, abiding by the law and with the correct understanding and application of specific regulations;
- (c) he insures the enforcement of decisions adopted by the Management Committee and CEO within the set deadline;
- (d) he prepares proposals for the improvement of the activity of the departments he coordinates, for the purpose of optimizing internal resources and increasing the efficiency of operations run, according to applicable internal procedures;
- (e) he facilitates and insures the collaboration with other departments and structures within the organization, insuring the necessary transfer of information for adopting decisions;
- (f) he analyses and assigns for solving documents entered in the company, applies the resolutions on the documents assigned by the CEO and/or submits resolutions on documents that refer to the activities of coordinated departments, assigns works and sets solving deadlines; he endorses documents regarding the current activity of the coordinated departments in accordance with the Organization Chart and work procedures;
- (g) he endorses and/or approves all documents prepared during the coordinated activities, in accordance and within the limits approved by the CEO/BD; he endorses all materials related to the agenda of the Board of Directors, minutes and report on the implementation status of BD resolutions;
- (h) he coordinates the preparation of specific reports and specific materials submitted for BD, MD and/or GMS approval;
- (i) he coordinates, prepares and/or effectively participates to the preparation of papers assigned to the departments of the company and/or papers between departments, within the deadline set and reports to executive management regarding the way these are fulfilled;
- (j) he coordinates, from the point of view of the abidance by internal regulations, procedures and decision-making processes, the activities under the responsibility of coordinated departments;
- (k) he leads all legal assistance, consultancy and representation activities for the Board of Directors, Management Committee, executive management and functional departments, for the purpose of achieving or protecting the legitimate rights and interests of the company;
- (l) he reports to the Management Committee, CEO on the activity carried out;
- (m) he fulfills any other work attributions assigned to him according to legal and internal

regulations in force, the job description or those assigned by executive management.

Chapter 2. CONFLICTS OF INTEREST AND THEIR MANAGEMENT

Abidance by the provisions of Reg. 2/2016 – Ch. IV – Conflicts of interest and their management art. 32 – 40.

The Board is responsible to insure the development and application of ethical and professional standards to insure a professional and responsible conduct on the level of EVERGENT Investments, for the prevention of conflicts of interest. (art. 32)

The Board, executive management/ higher management and staff employed are bound to abide by the standards mentioned in the previous paragraph and act with due diligence, and act with honesty and openly both internally and externally. (art. 33)

EVERGENT Investments has procedures regarding the identification of conflicts of interest and their management and presents them for the Board's approval. (art. 34)

In the process of identifying potential or occurring conflicts of interest the following aspects are taken into consideration, the list is not exhaustive:

(a) potential conflict of interest occurs in case there are indications regarding the existence of some personal interests, which, should a decision be made, could lead to the occurrence of one of the following situations:

- i. that individual or a close individual could obtain a financial gain, or could avoid a financial loss, using EVERGENT Investments, including by using the company's legal resources for personal purposes;*
- ii. that individual, or a close individual could have an interest in connection to the result of a service or an activity provided by EVERGENT Investments or another customer, or regarding a transaction made on behalf of EVERGENT Investments or another client, interest that is different from the interest of EVERGENT Investments concerning that result;*
- iii. that individual or a close individual could benefit from a financial stimulant or another type of stimulant to favor a company to the detriment of EVERGENT Investments;*

(b) fait conflict of interests results from the participation to the taking of a decision concerning which there is a personal interest that has led to the occurrence of one of the situations foreseen under letter a). (art. 35 - (1))

For the purpose of the provisions under line (1) – previous – EVERGENT Investments has procedures regarding the identification of relationships, services, activities or transactions where conflict of interest might occur. (art- (2))

For EVERGENT Investments Group, the mother-company is considering and balances the interests of all its subsidiaries and analyses the way in which these interests contribute to the common purpose and interests of the Group as a whole, on the long term. (art. 35 - (3))

The procedure regarding conflict of interest management sets the way conflicts of interests are managed and includes references to the stages treatment and measures taken in the

cases when the procedure is not being abided by. (art.. 36 - (1))

The procedure mentioned under line (1) – previous – includes information regarding at least one of the following aspects:

- a) proper separation of attributions, such as the assignment of some activities that could generate conflicting situations in the transaction or services chain to different individuals;*
- b) assignment of supervision and reporting responsibilities for the activities that generate conflict of interest to different individuals;*
- c) identification of the individuals who, outside EVERGENT Investments, could have a negative influence on it regarding the activities in question. (art. 36. - (2))*

Fait and potential conflicts of interest and notified to the executive/higher management in compliance with applicable law, and are managed and solved according to the procedure previously mentioned 36 (art. 37. – (1))

Fait and potential conflicts of interest concerning executive or higher management and key-positions are notified to the Board, according to applicable specific regulations and are managed and solved according to the previously mentioned procedures.(art. 37 – (2))

The Board makes sure that the proper warning internal procedures are applied on the level of EVERGENT Investments in order to notify real and significant suspicions of employed staff concerning the way the activity is managed. (art. 38. - (1)) The procedures foreseen under line (1) – previous – insure the confidentiality of the individuals who notify suspicions outside normal reporting channels, such as through the compliance or internal audit function art. 38. - (2).

The warning means foreseen by the procedure mentioned under line (1) can be used by the entire hired staff within the regulated entity, the relevant information being provided to the executive/higher management or the Board, depending on the case (art. 38 (3)).

The Board, executive/higher management and individuals in key-positions insure the segregation of activities on an individual level or on the level of EVERGENT Investments and the application of some internal policies/regulations to avoid the occurrence of direct or indirect conflicts of interest, taking into consideration, at least the following aspects:

- (a) assignment of additional attributions to the individuals holding key-positions is made in such a way so as not to generate conflict of interest and abide by the restrictions set by the specific law applicable to EVERGENT Investments;*
- (b) forbiddance of the participation of an individual in a conflict of interest situation to the decision-making process, concerning the conflict state. (art. 39)*

In case the existence of a conflict of interest is ascertained, the Board and executive/higher management are bound to manage the situation to annul or minimize the effects of the conflict of interests, through the proper management of the created situation. (art. 40)

Detailed presentation of conflict of interest management methods - excerpt from the Policy regarding the prevention and management of conflicts of interest and personal transactions.

1. The policy in the field of conflicts of interest, defined by EVERGENT Investments comprises:

- (a) identification of the circumstances in EVERGENT Investments' portfolio management activity and in the activity of EVERGENT Investments Group that are, or could generate a conflict of interest with a significant risk of prejudicing the interests of the company or its shareholders.
- (b) the procedures that must be followed and measures to be adopted in order to prevent, manage and monitor such conflicts.

Provisions regarding the avoidance of conflicts of interest:

- (a) *statutory provisions*: "In exercising their mandate, the members of the board of Directors have the possibility of being elected in the administration and management of the companies in the portfolio, with the application of the internal policy to avoid conflicts of interest".
- (b) specific *work procedure*, managed by the Compliance Department and approved by the Board of Directors;
- (c) provisions of *EVERGENT Investments' Corporate Governance Code*.

The policy for the prevention and management of conflict of interest, including information on the set prudential measures will apply to all entities within EVERGENT Investments Group. The policy is submitted for information purposes to the management, relevant individuals and individual with access to privileged information within EVERGENT Investments, as well as to the companies, shareholders and employees of EVERGENT Investments Group.

2. Procedures and measures to prevent or manage conflicts of interest

While carrying out its activity EVERGENT Investments always abides by the following prudential rules to avoid conflicts of interest, and in case these cannot be avoided, to identify, manage, monitor and, depending on the case, make the conflicts of interest public for the purpose of preventing them from negatively influencing the interests of EVERGENT Investments and of its shareholders:

- (1) it has adopted a specific work procedure "The Prevention and Avoidance of Conflicts of Interests" that is approved by the Board of Directors, is managed by the Compliance department, is applied to the companies, employees, directors, managers and individuals with access to privileged information within EVERGENT Investments Group and presents the identification of conflict of interest circumstances, the mechanisms that should lead to the avoidance of such situations and the management and monitoring method for conflicts of interests.
- (2) it has adopted measures to make sure that relevant individuals involved in various activities in which conflicts of interests might occur carry out these activities with a high degree of independence adapted to the size and activity of the company:
 - the portfolio management and risk management tasks are separate from the functional and hierarchic point of view, in compliance with the provisions of art. 15 Directive 2011/61/UE.
 - the risk management policy includes the specific protection measures against conflicts of interests in the risk management area.
 - the exercise of the compliance verification and audit functions is considered as conflicting

with the portfolio management function and is provided as independent from the latter from an organizational and operational point of view.

- the department in charge with the evaluation of assets in EVERGENT Investments' portfolio is independent from a functional point of view from portfolio management.

3. Conflict of Interest Management

EVERGENT Investments abides by the following prudential rules, at any time during the running of its activity:

- (a) it takes all reasonable measures to avoid conflicts of interest, and in case these cannot be avoided, to identify, manage and monitor them, and depending on the case, make the conflicts of interest public for the purpose of preventing these from negatively influencing the interests of EVERGENT Investments and its shareholders;
- (b) it takes all reasonable measures for the identification of conflicts of interests that occur during EVERGENT Investments' management;
- (c) it maintains and applies efficient organizational and administrative provisions in order to adopt all reasonable measures destined to identify, prevent, manage and monitor conflicts of interest, to prevent these from influencing the interests of EVERGENT Investments and those of its shareholders.

When the adopted administrative or organizational provisions are not sufficient to insure, with reasonable certainty the prevention of risks that could prejudice the interests of the company or its shareholders, higher management is promptly informed by the department tasks with conflict of interests management – Compliance Department – in order to make any necessary decisions or take any necessary measure to make sure that EVERGENT Investments acts in the interest of the company or the shareholders..

4. Conflict of Interest Monitoring

EVERGENT Investments keeps and periodically updates the records of the types of activities carried out by the company where a conflict of interest has occurred – or in case of running activities, a conflict of interest might occur, with a significant risk of prejudicing the interests of the company or its shareholders, by updating the specific work procedure and the policy regarding conflict of interest.

The executive management frequently receives, but at least once a year, the written reports regarding the actives mentioned in the previous paragraph from the Compliance Department.

5. Personal transactions with financial instruments and other assets

For all individuals involved in activities that might generate a conflict of interest, or who have access to **confidential or privileged information** EVERGENT Investments sets, implements and maintains proper measures, through which these initiated individuals be prevented to carry out the following actions:

- (a) make a personal transaction with financial instruments;
- (b) advise or incite, outside normal work task framework, any other individual to make a personal transaction that would represent an abuse use of the information regarding pending financial instruments orders;
- (c) disclose, outside the normal work tasks framework, any information or opinion to another individual, when the relevant individual is aware, or should be reasonably aware

that following the disclosure, the other individual will act or will be likely to act in one of the following ways:

- make a personal transaction with financial instruments;
- advice or incite another individual to make such a personal transaction

The measures adopted by EVERGENT Investments consist in:

- (a) internal organization measures, that insure information confidentiality (circulation of documents in physical and electronic format is regulated by the specific work procedure; access levels are set for access to the documents in the integrated IT system (SII) managed by the department that has this responsibility);
- (b) forbiddance to use “privileged information” and abusive use of improper disclosure of confidential information regarding EVERGENT Investments investment policy by individuals with access to privileged information, when these make transactions with financial instruments in EVERGENT Investments’ portfolio (personal transactions);
- (c) forbiddance to disseminate information regarding the transactions that EVERGENT Investments intends to make with financial instruments in its portfolio or by individuals with access to privileged information;
- (d) notification of individuals with access to privileged information regarding the sanctions applicable for personal transactions with the use of privileged or confidential information, legal sanctions (for example EU Regulation no.. 596/2014 on market abuse) and administrative sanctions (e.g.: collective employment contracts, management contracts, administration contract
- (e). the separation, from an organization point of view, of the function regarding the decision, execution and supervision of the activity, so as to avoid the case when the same individual fulfills certain attributions that might result in hard to detect errors or activities that expose the company to risk.

The leverages that allow the detection and identification of personal transactions or the possibility to make them and the methods and deadlines when SIF is informed: from public information or documents at EVERGENT Investments’ disposal. The compliance officer will inform executive management, within maximum 5 work days from the date he/she becomes aware of the situation..

6. Personal Transactions with Assets other than Financial Instruments

The members of the management structure (administrators, directors) may make personal transactions with unlisted shares in the company’s portfolio – subsidiaries of the Group, or with other assets that belong to a project initiated by EVERGENT Investments, abiding by the following conditions:

- (a) acceptance of the characteristics of the approved project in connection to the investment initiatives of EVERGENT Investments (non-exhaustive example: drawing capital from shareholders along with SIF, disinvestment, etc.);
- (b) size of the investment, following all personal transactions in that asset or project, not to have a significant impact on SIF2 share price (for example: not to represent more than 10% of total EVERGENT Investments’ assets value, according to art. 234 FSA Regulation no. 5/2018;
- (c) abidance by internal rules and procedures regarding the avoidance of conflict of interest and privileged information regimen;

- (d) abidance by the decisions of the Board of Directors of EVERGENT Investments regarding the conditions and individuals that may co-invest in assets or projects, so that the decisional capacity of the Board of EVERGENT Investments be insured for that particular asset or project (the managers in question abstain from debates and decisions within EVERGENT Investments BD concerning that particular investment).

For the purposes of Regulation 231/2013⁴, EVERGENT Investments thinks that the investment interests of individuals within the management structure of EVERGENT Investments in unlisted shares in the company's portfolio – subsidiaries of the Group, or in other assets that belong to a project initiated by EVERGENT Investments are optimally aligned with those of EVERGENT Investments (private-equity type approach through which control over unlisted companies is obtained is in agreement with the defined investment strategy, and abides by EVERGENT Investments' legal and prudential risk limits).

Personal transactions for the purchase of shares in listed companies – subsidiaries of the Group/ other companies in which EVERGENT Investments finances investment programs that are object of a disinvestment procedure from EVERGENT Investments' part.

The members of the management structure (managers, directors) may make personal transactions for the purchase of shares from listed companies – subsidiaries of the Group/ other companies in which EVERGENT Investments finances investment projects that are object of a disinvestment procedure, abiding by the following conditions:

1. Prior notification of the intention to purchase the shares by submitting the "Statement of Intent" before the adoption of the Board of Directors' resolution (competent body) on the price and sale conditions of this holding of EVERGENT Investments. The "Statement of Intent" is treated as a Statement of Conflict of Interest and is managed in accordance with EVERGENT Investments' rules.
2. That individual shall not participate to the debates within the management bodies on this topic and EVERGENT Investments shall not provide that individual with documents and information it holds as parent company regarding the possible transaction or information on that particular subsidiary.
3. The statement of intent is also sent to the other managers and internal auditors applying the provisions of art. 144³ Companies' Law no. 31/1990, as well as the Audit Committee. The audit committee is responsible for the evaluation of conflicts of interests related to transactions of the company, its subsidiaries, as well as those of their managers, directors and employees with related parties.
4. Starting on the submission date of the "Statement of Intent"; the individual in question is forbidden to make market transaction with that financial instrument.
5. In order to make the sale transaction on the DEAL market, which involves the prior negotiation between the parties (according to the provisions of art. 183 of the BVB Code), a negotiation commission is established by decision of the executive management, which works in conditions of confidentiality.
6. The completion of the transaction shall be after the financial auditor of EVERGENT Investments, in accordance with art. 144 of FSA Regulation no. 5/2018, analyses the

⁴preamble, item 68

reported transactions in accordance with art. 108 Law no. 24/2017 and prepares a report that will state if the price, corroborated with the rights and obligations undertaken by the parties, is correct, after comparing it to the other offers on the market. In case the transactions are not made at the market price the causes that have led to this exemption and price setting policies shall be presented.

7. EVERGENT Investments shall immediately submit to BVB, the legal document entered with the member(s) of the management structure whose individual or cumulated value exceeds 5% of EVERGENT Investments' net assets, according to the latest individual financial statements published by the issuer, in accordance with art. 108 line (3) Law no. 24/2017 on the issuers of financial instruments and market operations, republished.

7. Internal rules and procedures for the prevention of fraudulent practices that might affect the stability and integrity of the capital market

Avoidance of fraudulent practices in the trading activity of EVERGENT Investments.

EVERGENT Investments through its internal procedures insures the forbiddance to use privileged information held by the managers, directors or employees of the company to acquire or sell or with the intent to acquire or sell on own behalf or on behalf of a third party, either directly or indirectly, the financial instruments to which this information refers.

Through its work procedures it makes sure that:

1. In its trading activity, the specialized department abides by incidental legal provisions regarding market manipulation, market abuse, and fraudulent practices. EVERGENT Investments' obligation is to draft the intimation towards competent authorities, regarding possible fraudulent practices and/or capital market manipulations, identified during the trading activity;
2. It is forbidden for individuals with access to privileged information to make transactions with shares of the companies regarding which they hold this information and the companies which EVERGENT Investments trades and have certain holding limits regulated (SIFs, market operators, depository, etc.) in order to protect the institution against possible market manipulations or abuse and for the proper management of concerted action situations.

All employees and directors who have access to privileged and/or confidential information are bound to sign the "Statement – Confidentiality Agreement", annex to the conflict of interest procedure.

Reporting and control of conflicts of interest and personal transactions

Information regarding conflicts of interest.

Conflicts of interest reporting and control

1. the members of the Board must notify the Board of Directors regarding any conflicts of interest that have occurred or might occur and not participate to discussions (including by not showing up, with the exception of the case when absence would prevent the obtaining of quorum) and not vote to adopt a resolution regarding the matter that caused the conflict of interest, namely;

(2) all individuals with access to privileged information must report to the compliance officer:

- (a) any possible conflict of interest situations that might occur regarding the analysis/endorsement/ approval process of investment projects suggested by subsidiaries, conclusion of contracts or in connection with corruption, fraud or market abuse;
- (b) intention to make personal transactions with:
1. financial instruments - foreseen in *EVERGENT Investments' Investment Strategy and Policy*, that may generate a potential conflict of interest, defined in accordance with art. 2 line (1) Law no. 24/2017 on the issuers of financial instruments and market operations, namely: securities, derivatives, participation titles in collective placement bodies, with the exception of those issued by index-type funds.
 2. Other assets than the financial instruments in EVERGENT Investments' portfolio (e.g.: shares of closed companies within EVERGENT Investments Group)
The compliance officer issues the approvals or interdictions for personal transactions by taking into consideration the principles regarding the avoidance of a potential conflict of interest and protection of the interests of the entity and investors, as soon as possible, the validity of the endorsement depends on the types of assets and is mentioned in the internal conflict of interest procedure.
In the case of the compliance officer's trading intent, he submits the notification to the second individual who fulfills this function in the company.
Individuals are bound to inform the compliance officer about the carrying out of personal transactions within maximum 3 work days from the date they are made.
"Statements of intent", the endorsement of the compliance officer and transaction notifications are registered in the "Registry of Conflicts of Interests and Personal Transactions with Financial Instruments and Other Assets".
 3. notification of real and significant suspicions of staff regarding the management method of the activity may also be made outside normal reporting channels (compliance position) to the internal audit position, the relevant information being submitted to executive management/higher management or the Board, depending on the case.
 4. The audit committee must evaluate the conflicts of interest in connection with the transactions of the company and its subsidiaries with affiliated parties.
 5. in case a conflict situation is identified, or a personal transaction that involves the abusive use or improper disclosure of confidential information, or if a conflict has been started or could start with a obligation of AIFM or AIF, the compliance officer will investigate the case and should he/she ascertain that the legal regimen applicable to the capital market, including internal procedures of the company have been informed, he/she will notify the Board of Directors and directors of the company within maximum 5 working days; in case such notifications are received, FSA and involved capital market institutions shall be immediately informed about the ascertained situation and measures adopted.
 6. EVERGENT Investments will draft the intimation to the competent authorities regarding possible fraudulent practices and/or capital market manipulation identified during the trading activity, as soon as such circumstances are identified

"The policy regarding the prevention and management of conflicts of interests" will be notified to EVERGENT Investments' shareholders by display on the website: www.evergent.ro:

- (a) The structure of the site allows the easy identification of the place where information can be found;

- (b) Information is up-to-date;
- (c) Information are available at least 5 years.

Strategies to exercise vote rights in the shares portfolio

EVERGENT Investments has drafted strategies and procedures to determine the moment and way in which the vote rights held in the share portfolio should be exercised for the exclusive benefit of the company and the shareholders.

“EVERGENT Investments’ Investment Strategy and Policy” as well as the work procedures drafted in its application foresee measures and procedures for: the monitoring of relevant shares on the level of the companies; making sure vote rights are exercised in compliance with the objectives and investment policy of EVERGENT Investments; prevention or management of any conflicts of interest that stem from vote rights exercise.

8. Protection measures against conflicts of interest related to the risk management function.

In compliance with article 15 line (1) Directive 2011/61/UE, the protection measures against conflicts of interests in connection to the risk management position make sure of at least the following:

- (a) the decisions made by the risk management function are based on reliable data that are subjected to a proper degree of control from the risk management function;
- (b) the remuneration of individuals involved in exercising the risk management function reflects the achievement of objectives connected to this function, independent from the performances obtained by the business positions, thus insuring objectivity in the evaluation of investment related risk; this principle is foreseen in “EVERGENT Investments’ Remuneration Policy”;
- (c) the risk management position is represented in the governing body with the same authority as the portfolio management position, by a manager;
- (d) any tasks that come into conflict are properly separated.

9. Risk of a conflict of interest occurrence

The risk of a conflict of interest occurring represents the risk of losses caused by any situation when the interests of the company are different from the personal interests of the employees, managers or their close relatives.

The risk of a conflict of interest manifesting is managed by the compliance position, through the specific procedure for conflict of interest.

Chapter 3. Risk Management

FSA Reg. no. 2/2016 – art. 4 line 2: c) proper management of risks

Law no. 74/2015 – ch. II, art. 5, line (2): The main activities that an AIFM may carry out while managing AIF are: b) risk management.

Abidance by the provisions of Reg. 2/2016 –Ch. 5 Risk Management and Risk Management/ administration position art. 41 - 48

EVERGENT Investments applies procedures and strategies for the management/administration of risks and sets the conditions for their periodical revision. (art. 41)

The Board approves the risk appetite and risk tolerance limitations for EVERGENT Investments, as well as the procedure for the identification, evaluation, supervision, management and reporting of significant risks to which EVERGENT Investments is, or could be exposed to. (art. 42)

The procedure for the identification, evaluation, monitoring, management and reporting of significant risks foreseen in the previous paragraph comprises references to at least the following aspects:

- (a) definition of risk categories and their evaluation methods;*
- (b) presentation of the way in which the regulated entity manages each relevant risk category and area, as well as possible risk accumulations;*
- (c) mentioning risk tolerance limits for each relevant risk category, depending on the general risk appetite, in compliance with specific requirements of the law in the field*
- (d) setting the frequency and description of the periodical stress tests and presentation of situations justifying the carrying out of tests, on the spot (art. 43)*

The Board, executive/higher management, depending on the sae, makes sure that on EVERGENT Investments level applies the procedure previously mentioned, and in applying it they use adequate instruments, techniques and mechanisms. (art. 44).

The evaluation of the risk management/administration system efficiency, as adopted by EVERGENT Investments is made by the board of directors on a half-yearly basis based on the risk report, depending on the policies, procedures and verifications carried out. (art. 45).

The risk management/administration function reports to the executive/higher management the risks identified as being potentially significant, in compliance with the applied procedure. (art. 46)

The risk management/administration position has the obligation to report on specific risk areas both of its own initiative and at the request of the Board or executive/higher management. (art. 47)

EVERGENT Investments drafts clear action plans in order to insure business continuity and for emergency situations in order to eliminate or minimalize risks. (art.48- (1))

The plans to insure business continuity and in case of emergency situations are evaluated on a half-yearly basis by the Board and executive/higher management. (art. 48. - (2)).

Risk Management Policy of EVERGENT Investments SA, certified AIFM

1. General risk management framework

Risk management is an important component of the strategic objectives of EVERGENT Investments' management in the process of maximizing profit and minimalizing risk exposure.

The Board of Directors of EVERGENT Investments understands that risk management must be carried out within a consistent methodological framework.

The risk management system is comprised of:

- relevant elements of EVERGENT Investments' organizational structure, with a central role for the permanent risk management function.
- policies and procedures regarding risk management that are relevant for the company's investment policy
- measures, processes and techniques connected to the measurement and management of risks that EVERGENT Investments uses.

EVERGENT Investments sets, implements and maintains a proper and standardized risk management policy, that:

- identifies all relevant risks that it is or could be exposed to;
- includes the procedures necessary to allow the company to evaluate the exposure of the company to market risk, issuer risk, credit and counterparty risk and liquidity risk, as well as the exposure to all other relevant risks that might have a significant risk level, including operational risks.

Risk management policy includes:

- proper and efficient techniques, processes instruments and measures for:
 - the identification, measurement, management and monitoring of the risks the company is or could be exposed to, at any given time;
 - making sure that the quantitative, qualitative risk types or both, set taking into consideration all relevant risks;
- techniques, instruments and measures that allow the evaluation and monitoring of the company's liquidity risk under normal and exceptional liquidity conditions, including through crisis simulations regularly carried out;
- assignment of responsibilities regarding risk management within the company;
- quantitative and qualitative risk types or both, set to cover all relevant risks and their abidance by the company's risk profile, as indicated to investors;
- conditions, content, frequency and recipients of the reports drafted by the permanent risk management position;
- protection measures against conflicts of interest of the risk management position.

The risk management policy:

- covers all business, control and support functions, being appropriate for the size and complexity of the company's activity;
- is adequate for the nature of the company's activity, taking into consideration that EVERGENT Investments:

- is a closed-end investment fund, that has no enforceable buyback rights, whose shares are admitted for trading on the capital market;
- is linked to the investment policy, targeting the coverage of risks specific for each assets category in which EVERGENT Investments invests, as well as its support obligations, targeting the coverage of default risks.

EVERGENT Investments is classified as closed-end AIF with retail investors, self-managed, setup as an investment company-type AIF (FIAS), with a diversified investment policy.

For the purpose of fulfilling its institutional reporting obligations, EVERGENT Investments calculates and monitors exposure through the gross method and through the engagement method and calculates leverage effect.

EVERGENT Investments has developed a procedure that details the calculation of exposure and leverage effect

2. Responsibilities related to risk management

One of the central components of the risk management system is the permanent risk management position. This position plays a central role in defining the policy regarding the management and monitoring of risks in the company, in order to insure permanent compliance of the risk level with the risk profile of the company.

The risk management responsibility is not limited to the level of the specialists in the risk field or control functions.

The operational structures, under the supervisions of the management functions are first of all responsible for the daily management of risks, taking into consideration the risk appetite and in compliance with the policies, procedures and controls of EVERGENT Investments.

EVERGENT Investments' management aims to dedicate enough time for the examination of risk connected issued through active involvement and provision of proper resources for the management of all risks the company is subjected to.

The general corporate governance model in the field of risk management in EVERGENT Investments is the 3 lines of defense model:

The first line of “defense” – is provided by the business and support areas that have the first responsibility and importance for the effective control of risks in the daily operations carried out. The first line of defense takes on and manages daily operations carried out on a daily basis, in compliance with the activities carried out. Individuals in the functional department from the business and support areas pro-actively manage risks through the development of procedures that keep the risks specific for the activity carried out, under control.

The first line of delimiting risk is responsible for the enforcement of risk policies, minimal standards and the framework set by the second line of risk delimitation.

The second line of “defense” – is provided by the compliance/ internal control function and the risk management function that supply proper mechanisms to the first line of “defense.

The compliance position insures the compliance of the company’s activity with the applicable regulation framework and verifies the carrying out of controls in the first line.

The risk management position is independent from the activity that generates risk exposures; it develops policies and procedures for risk management on the level of the entire company and insures risk management of the whole process.

The third line of “defense” – is provided by the internal and external audit position. The mission of this line of defense is to offer a specialized, independent evaluation of the efficiency of the risk management process and of the internal control system.

The Board of Directors is responsible for:

- the approval and revision, at least on an annual basis, of the company’s Policies regarding risk management, procedures and methodologies for the identification, evaluation, monitoring, management and reporting of significant risks that the company is or could be exposed to, at any time
- the approval of the risk profile, risk appetite and risk tolerance limits of EVERGENT Investments
- the approval of the regular self-evaluation of operational risks and internal control system, and the risk response plan that presents measures for the prevention and lowering of operational risks.
- approval of the quarterly risk reports of the risk management department
- approval of the results of crisis simulations and recommendations sent by the risk management position.
- half-yearly evaluation and examination of the efficiency of the policy, measures and procedures instituted for risk management and ordering proper measures to remedy possible deficiencies.
- setting a governance system that would contribute to an efficient supervision of EVERGENT Investments’ subsidiaries taking into consideration the nature, extent and complexity of the risks that the group and subsidiaries are exposed to, while at the same time abiding by the legal and governance responsibilities pertaining to the subsidiaries.
- analysis of the adequacy, efficiency and update of the risk management system, for the purpose of efficiently managing the assets held, as well as the risk management method for the risks that the company is exposed to
- insuring the drafting and quarterly evaluation of the plan to insure activity continuation and for emergency situations in order to eliminate risks or minimize them

Executive management is responsible for:

- making sure that the Risk management policy and procedures and methodologies for the identification, evaluation, monitoring, management and reporting of the significant risks the company is or could be exposed to, approved by the Board of Directors are implemented;
- adopting proper and efficient measures, processes and techniques for the monitoring and control of relevant risks in compliance with the risk management policy;
- providing the necessary resources needed for the implementation of the risk management system and setting risk management competencies and responsibilities on the level of each activity line;

- the application and proper and efficient abidance by the risk limits taken on, including in case of emergency situations, as well as abidance by the risk profile approved by the Board of Directors;
- making sure the crisis simulations are carried out and implementation of the recommendations approved by the Board of Directors;
- setting and maintaining a proper risk exposure reporting system
- implementation of the measure plans included in the risk reports approved by the Board of Directors
- development of a integrated risk culture on the level of EVERGENT Investments, based on the full understanding of the risks that the company is confronted with and how these are managed, taking into consideration its risk tolerance and risk appetite
- half-yearly assessment of the plan to insure activity continuity and for emergency situations in order to eliminate risks or minimalize them.

The Audit committee monitors the efficiency of the risk management system within EVERGENT Investments on a quarterly basis; it approves the policy, risk management procedures and methodologies, analyses and approves quarterly risk reports.

The Risk Management Department is independent from a hierarchic and functional point of view from the activities that generate risk exposures and has the necessary authority and access to the relevant information needed to fulfill its tasks and responsibilities.

Each individual employed by the risk management department must hold the professional competence and experience, as well as meet the reputation, honesty and integrity requirements. At the same time, each individual is subject to FSA authorization and must meet the eligibility and FSA public registry registration requirements.

The risk management department has the following attributions:

- it drafts and implements efficient policies, procedures and methodologies for risk management, as well as any modification of them;
- constant identification, measurement, management and monitoring of all relevant risks for the investment policy and risks to which EVERGENT Investments is or could be exposed to;
- identification of the risks of engaging EVERGENT Investments in investment/disinvestment proposed by the departments with investment management function and suggests measure for their prevention or lowering, if necessary;
- identifies the risks of EVERGENT Investments' engagement in new activities and suggests measures for their prevention or lowering, if necessary;
- substantiates and proposes risk limits, monitors the abidance by these and notifies the Board of Directors and Executive management regarding any existent or predictable extension of the set risk limits, in order to make sure that quick and proper measures can be taken;
- offers assistance to the Board of Directors and executive management regarding the identification of EVERGENT Investments' risk profile;
- evaluates the company's risk profile depending on the risk appetite and risk tolerance set by the Board of Directors and informs the Board of Directors and executive management in

case it considers that the risk profile is not compliant with the approved risk limits or there is a significant risk that the risk profile become non-compliant with these limits;

- it makes sure that the risk profile of EVERGENT Investments as notified to investors abides by the set risk limits in order to cover at least market, issuer, liquidity, credit and counterparty and operational risks;
- calculates exposure through the gross and engagement method on a monthly basis and the leverage effect for the purpose of meeting its institutional reporting obligations;
- it follows up the abidance of EVERGENT Investments assets categories to applicable legal and internal prudential limits, including the abidance of assets value by the relevant threshold and by the own funds and additional own funds requirements, and notifies the Board of Directors and executive management in due time, regarding any existent or predictable exceeding of these, to make sure that quick and proper measure can be taken;
- classifies SIF asset categories on risk classes from the point of view of assets liquidity degree;
- analyses the plans to insure activity continuity and for the company's emergency situations;
- carries out, once a year, or every time necessary, crisis simulations under the conditions foreseen by the risk procedures and FSA regulations in force;
- evaluates the way in which variable remuneration affects the company's risk profile;
- drafts quarterly risk reports to the Board of Directors regarding managed risks;
- reports the risks identified as potentially significant in accordance with the applied procedure to the Board of Directors and executive management.

3. Protective measures against conflicts of interest in direct connection with the risk management position.

EVERGENT Investments maintains an adequate policy for the prevention, management and monitoring of conflicts of interests in the risk management process.

Conflicts of interest might occur under the following situations, without being limited to them:

- the risk management staff carrying out business or support activities, particularly portfolio management activities;
- remuneration of the staff responsible for risk management depending on the performance of the business units, especially the performance of portfolio management position;
- Subordination of the risk management staff to some operational structures, particularly the portfolio management function.

Specific protection means against conflicts of interest in the field of risk management consist in:

- Insurance, through the organizational chart and internal regulations, of the functional and hierarchic separation of the risk management function from the business and support structures, especially from those carrying out portfolio management activities. The risk management activity is organized in a distinct department, subordinated to the Board of Directors;
- the risk management function is represented in the board of directors by the CEO whose authority is on the level of the portfolio management function represented by the deputy CEO, thus insuring the necessary authority in the relationship with the portfolio management function. The individuals involved in the exercise of the risk management

function are not engaged in activities in the business or support units, especially in those of the portfolio management function, thus insuring their independence;

- The payment of individuals involved in exercising the risk management function is set according to objectives connected to its position, independent of the performances achieved by the business position, thus insuring objectivity in the evaluation of investment connected risks;
- Potential conflicts of interests must be declared and are managed in the company according to the Procedure regarding the prevention and avoidance of conflict of interest.

In order for EVERGENT Investments to make sure that the *protection measures have a constant efficiency*:

- The risk management position is subjected to the examination of internal audit and Audit Committee, that makes sure that:
 - the risk management function has the necessary authority and access to all relevant information required to fulfill specific tasks, according to internal procedures;
 - the decisions made by the risk management function are based on viable data, that are subjected to a proper degree of control, according to risk management procedures;
 - the operational structures implement specific measures for risk prevention and lowering suggested by risk management responsible.
 - the relevant risks are identified and evaluated;
 - proper risk answers are selected, in agreement with the risk appetite;
 - relevant information regarding risks are sent within the company in due time, so that the staff, management and Board of Directors fulfill their responsibilities.
- The remuneration of individuals exercising the risk management function is directly supervised by the Appointing-Remuneration Committee that is independent from EVERGENT Investments management and operational structures.
- Responsible individuals with risk management functions are bound to:
 - inform the Board of Directors, Audit Committee and executive management if their objectivity or independence is affected in fact or in appearance, such as: limitation of the activity scope, change of work schedule, limitation of access to financial or informational resources, etc.;
 - report to the Board of Directors and executive management, as well as the Audit Committee, any situation where the objectivity and impartiality may be actually or potentially influenced, or if they have points of concerns regarding a situation that can be considered as prejudicing its objectivity or independence;
 - avoid any action or report on or from an employee, shareholder, representative of the issuers in the investment program, if this might create the impression that personal objectivity could be prejudiced (e.g. acceptance of money, presents or entertainment, etc. of significant value).

The Board of Directors half-yearly examines the efficiency of the protective measures against conflicts of interest regarding the risk management position and take corrective measures in due time, in order to remedy possible deficiencies.

4. Identification, measurement, management and monitoring of risks that EVERGENT Investments is or could be exposed to

EVERGENT Investments has developed detailed work procedures regarding the identification, measurement, administration and monitoring of the risks that it is or could be exposed to (management of market risk, issuer risk, liquidity risk, credit/counter-party risk, management and self-evaluation of operational risks and internal control system, calculation and monitoring of prudential limits, exposure and leverage effect calculation, prior verification when investments are made, crisis simulations and scenario analysis).

RISK MEASUREMENT

- When risks are identified and measured, EVERGENT Investments uses anticipative and retrospective type instruments. The instruments allow the aggregation of risk exposures between activity lines and facilitate the identification of risk concentrations.

The final responsibility for the evaluation of risks belongs exclusively to EVERGENT Investments, who evaluates its risks in a critical manner and does not count on external evaluations exclusively.

For each relevant risk, EVERGENT Investments has set a set of specific risk indicators, calculated periodically and on pre-set time frames that measure risk. The selected indicators and their calculation method are presented in detail in the specific relevant risk management procedures for EVERGENT Investments. Risk indicators lay at the base of the risk profile setting both for each individual relevant risk and on the global level

SETTING RISK LIMITS

- For each relevant risk indicator, through the risk management procedure value intervals/tolerances are set corresponding to low, average and high risk, as well as the maximum risk tolerance limit up to which EVERGENT Investments is willing to take on risk, in order to maintain a portfolio yield level adequate to its support obligations (risk appetite).

The risk management position annually submits for the Board of Directors' approval, the tolerance limits system for relevant risks that EVERGENT Investments considers allows the carrying out of its activity under proper conditions.

Risk profile

- The Board of Directors sets EVERGENT Investments' risk profile and makes sure that the necessary measures are taken for the abidance of actual risks by the risk profile communicated to investors.

The risk profile represents all EVERGENT Investments' exposures to real and potential risks. The risk profile is evaluated at least once a year, and every time it is considered necessary, according to the risk matrix, depending on the strategic objectives and the risk appetite. Its role is to determine the size of each relevant risk and general risk level, based on relevant indicators.

For the correct monitoring of relevant risks, in the context of abiding by EVERGENT Investments' regulation framework, the following were set for each relevant risk category:

- **Risk appetite**, represents the risk level, expressed for each risk category, up to which EVERGENT Investments is willing to take on risks, namely to accept them, in agreement with the set investment strategy and policies, in the context of keeping the risks within the taken on risk profile for each individual risk category. The risk appetite expressed

corresponds to the risk profile taken on by EVERGENT Investments. Risk appetite can be: high, average, low.

- **Risk tolerance** represents EVERGENT Investments' ability to accept or to absorb risks. In EVERGENT Investments' understanding, keeping risks under the set tolerance limits represents a guarantee for abiding by the risk appetite level strategically set. Risk tolerance, an instrument for the adjustment of risk appetite, through certain levels of evaluation/ limits/ value intervals, is expressed as the evolution of certain specific risk indicators for each category of relevant risks identified and taken on by EVERGENT Investments. Risk tolerance levels can be: high, average, low.

The risk profile is set on the global and individual level for each risk category, considering the nature, size and complexity of EVERGENT Investments' activity.

The method for risk profile assessment for each individual risk is detailed in the risk management procedures and methodologies.

The risk management position monitors the actual risk profile of EVERGENT Investments three times a year and examines it in relation with the risk appetite, in order to allow the Board of Directors to analyze it while exercising its supervision function.

Depending on the evolution of the risk profile in relation with the risk appetite, as well as depending on the time frame of a certain evolution (for example: the period when risks exceeds a certain level), the Board of Directors orders corrective or control measures for the risk factors

RISK MONITORING AND MANAGEMENT

- The monitoring and management of relevant risks are made through:

- regular measurement of risk indicators and verification of their abidance by the tolerance margin set for the risk appetite taken on
- analysis or any approach or exceeding the risk indicators limits and taking proper measures to maintain or reclassify the appetite level, namely risk profile taken on.
- analysis of the marginal contribution of each asset that has a significant impact on the analyzed risk
- making regular crisis simulations and analysis of the scenarios, to answer to risks coming from potential modifications of the market and liquidity conditions that might have a negative effect on the company.
- prior to each investment, the making of forecast calculations to estimate the impact of the future investment on the company's risk profile, taking into consideration the individual risk of the assets in which the company intends to invest. The calculation considers the nature of the investment, payment conditions and the price sensitivity of the asset to be purchased, under normal and exceptional market conditions.

CRISIS SIMULATIONS, EX-POST TESTS- EVERGENT Investments approaches the possible vulnerability of the internal techniques and models for risk measurement in a proper manner, carrying out crisis simulations, ex post tests and scenario analysis. .

Crisis simulation – risk management technique used in order to evaluate potential effects on EVERGENT Investments' risk profile of the modification of a certain event and/or a set of financial variables. It is carried out as scenario-based simulations that evaluate the impact on EVERGENT Investments' risk profile of the simultaneous modification of several risk determinants, under the conditioned defined for the crisis event.

In order to build crisis scenarios, we identify those events (stress factors) that, although relatively rare, might have an important impact on the company's operations.

EVERGENT Investments carries out:

- **Crisis simulation in compliance with art. 15, line (3) letter (b) Directive 2011/61/EU** (risks associated to each investment position of EVERGENT Investments and their global effect on EVERGENT Investments' portfolio can be permanently identified, evaluated, managed and monitored accordingly, including through the use of adequate crisis simulation procedures).
- **Crisis simulation made in compliance with art. 16 line (1), the second paragraph of Directive 2011/61/EU** (EVERGENT Investments regularly carries out crisis simulations under normal and exceptional liquidity conditions, that allows it to evaluate and monitor the company's liquidity risk accordingly).

EVERGENT Investments has a detailed procedure regarding the carrying out of crisis simulations. Crisis simulations are carried out at least once a year and ad-hoc, taking into consideration the investment policy, risk profile and dividend policy. The reference dates for the running of ad-hoc crisis simulations (stress tests) shall be set at the time of the occurrence of the events that justify their being carried out.

In case the crisis simulations and scenario analysis reveal a particular vulnerability towards a number of circumstances, EVERGENT Investments takes prompt corrective actions by adopting plausible measures to lower the impact of such situations.

The Board of Directors fully understands the impact of crisis events on the general risk profile of EVERGENT Investments, and has the final responsibility for the general crisis simulation program.

The Board of Directors takes the results obtained during the risk simulations into account when setting and revising policies, processes and risk limits.

Regular ex post tests – are made to examine the validity of the risk measurement methods that include forecasts and estimates based on models. In case it is ascertained that models have faults, EVERGENT Investments takes the proper measures to improve them.

5. Reports prepared by the permanent risk management position

EVERGENT Investments has set regular transparent reporting mechanisms, so that the Board of Directors and all organizational structure receive accurate, constant, understandable reports on time and be able to exchange relevant information regarding risk identification, measurement or evaluation and monitoring. The reporting framework is well defined through risk management procedures, documented and approved by the management of the company and covers all relevant risks.

The Board of Directors, as decision factor, has the proper access to the information regarding the company's risk status and, if necessary, to the risk management function and outsourced specialized advice.

At the same time, the Board of Directors sets the nature, volume, format and frequency of risk information.

Internal Reports

The Risk Management Department drafts and submits to the Board of Directors and Executive Management, depending on the case:

- quarterly reports regarding the relevant risks that the company is or could be subjected to which include, without being limited to:
 - abidance of the current values of relevant risks by the set limits;
 - abidance of EVERGENT Investments' assets categories by the legal and internal prudential limits in force;
 - abidance by the company's risk profile, as notified to investors by the set risk limits and coherence among these limits;
- half-yearly reports regarding the adequacy and efficiency of the risk management process, indicating in particular, if proper corrective measures have been or will be taken in case of existent or anticipated deficiencies;
- annual and ad-hoc reports regarding the results of crisis simulations;
- annual reports regarding the results of the self-evaluation of operational risks and internal control system, including IT operational risks;
- reports on the approach or exceeding of set risk limits, every time these are identified.
- Annual reports on the way the structure of variable remuneration affects the company's risk profile

Risk reports are to be approved by the Audit Committee beforehand.

Notifications to investors

EVERGENT Investments submits its investors, as part of regular reporting towards them, and at least at the same time with the publication of the annual report, the following information:

- percentage of AIF assets that are object of special measures due to their illiquid nature;
- any new measures for the management of EVERGENT Investments' liquidity, if necessary;
- actual risk profile of the company and risk management systems used to manage these risks.
- Any other information is provided in compliance with applicable regulations. The information periodically communicated to investors are presented in a clear, easy to understand manner.

FSA Reporting

EVERGENT Investments submits FSA information that is reported **on a half-yearly** basis, in compliance with the pro forma reporting model foreseen in annex IV Regulation 231/2013.

The risk management function is responsible for:

- drafting a report regarding the risk management activity and submitting it to FSA within 60 days from the end of each year;
- FSA notification within maximum 7 work days from the occurrence date of any important modification of the risk management policy previously reported to FSA

6. Evaluation, monitoring and revision of risk management systems

The Board of Directors monitors the efficiency of the risk management system within EVERGENT Investments, approves the policy, procedures and methodologies for risk management, analyses and approves regular risk reports.

The Board of Directors evaluates monitors and re-examines the following aspects on a

quarterly basis:

- adequacy and efficiency of the risk management policy, the measures, processes and techniques for :
 - the identification, measurement, management and monitoring of risks that the company is or could be exposed to, at any time
 - insurance of set risk limits ;
 - extent to which the company abides by the risk management policy, above mentioned measures, processes and techniques;
- adequacy and efficiency of measures taken to improve deficiencies occurred in the running of the risk management process
- proper fulfillment of risk management position;
- adequacy and efficiency of the measures meant to insure the functional and hierarchic separation of the risk management position

Moreover, the risk management systems are revised when:

- risk management processes and procedures and the processes and techniques for the identification, measurement, management and monitoring of risks at any time, are subjected to significant changes
- internal or external events indicate that an additional re-examination is needed
- EVERGENT Investments' investment policy and objectives are subjected to significant change.

The regular reports of the Board of Directors include information on the conclusions of efficiency of the assessment of the risk management system.

This risk policy represents the firm option of the company's management to create and implement a risk management framework in compliance with the objectives set and stated risk appetite, as well as in order to insure the compliance with applicable regulations.

Chapter 4. COMPLIANCE

Abides by the provisions of FSA Reg. no. 2/2016 – art. 4 line 2 d) adequacy of the policies and strategies, as well as the internal control mechanisms.

EVERGENT Investments institutes and maintains a permanent and efficient compliance verification function, which is independent.

The Compliance Department is structurally and hierarchically subordinated to the Board of Directors.

The individual that covers the compliance officer function is subjected to FSA certification and entered in F.S.A. Public Registry.

In case the company presents more individuals with internal control attributions for certification, the certification request is accompanied by the detailed responsibilities of each individual employed in the compliance department.

In case one of the individuals with internal control attributions is absent, his attributions and responsibilities are automatically taken over by another certified individual.

In case EVERGENT Investments no longer has an authorized individual in the compliance position or in case this individual is temporarily unavailable, one of the members of the Company's compliance department, if any, one of the company's executive managers or another employee with adequate professional knowledge and experience will temporarily take over the attributions of the unavailable individual in case the department comprises only one member, for a maximum period of 3 months during a calendar year.

In order to allow the individual(s) appointed as compliance officer to fulfill their responsibilities correctly and independently, EVERGENT Investments must make sure that the following requirements are met:

- (a) the person(s) has/have the authority, resources and experience needed, as well as access to all relevant information;
- (b) the person(s) carrying out compliance verification function is/are not involved in the delivery of services or the carrying out of the services he/they monitor(s);
- (c) the person(s) bare(s) the responsibility of abiding by the attributions corresponding to the compliance position and for any reporting regarding the abidance by applicable regulations, in which it will be especially mentioned weather proper remedy measures for possible deficiencies were taken;
- (d) on setting the remuneration of individuals the following must be taken into consideration: the remuneration level must allow EVERGENT Investments to employ qualified and experienced staff; the objectivity of the individuals must not be affected by the remuneration setting method; variable remuneration must be based on objectives that are specific for the function and must not be set exclusively based on performance criteria on AIFM level; remuneration is directly supervised by the Appointing- Remuneration Committee;
- (e) individuals are assessed for the fulfillment, and maintaining the requirements regarding professional competence and experience, integrity and good reputation and governance, during the entire time they carry out their activity, according to applicable legal provisions.

Attributions and responsibilities:

- (a) monitors and periodically evaluates the adequate nature and the efficiency of measures, policies and procedures set in compliance with regulations in force, as well as the actions taken to remedy deficiencies regarding the company's abidance by its obligations.
- (b) monitors and regularly verifies the application of incidental legal provisions for EVERGENT Investments' activities, internal regulations and procedures and acts according to its competencies in order to prevent and suggest measure to remedy any situation when the law, regulations in force incidental to the capital market or internal regulations and procedures of EVERGENT Investments are infringed by EVERGENT Investments or its employees; follows-up the implementation of suggestions and recommendations;
- (c) offers counseling and assistance to relevant individuals responsible for carrying out activities for the abidance by EVERGENT Investments of its obligations based on the incidental capital market legislation;
- (d) makes sure that the reports that EVERGENT Investments must submit to F.S.A and capital market entities are submitted within the deadline foreseen by applicable regulations;
- (e) analyses and endorses the documents submitted by EVERGENT Investments to F.S.A in order to obtain the certifications foreseen by F.S.A regulations;
- (f) analyses and endorses informative /advertising materials of EVERGENT Investments;
- (g) analyses and endorses the documents drafted by EVERGENT Investments according to work procedures;
- (h) endorses the development of new strategies, investment policies, relevant organizational changes and investments on new markets and in new products;
- (i) verifies the abidance by prudential regulations;
- (j) insures the notification of EVERGENT Investments and its employees regarding the legal regimen applicable to the capital market, both in regard to approved norms and in draft legislation that present interest for the activity of the company, in order to make suggestions/ recommendations/ observations, if needed;
- (k) manages and monitors the resolutions of the Board of Directors and those of the Management Committee, verifying their abidance by legal and prudential limits at the time of their adoption/implementation; follows-up the enforcement of resolutions and periodically reports on the status of their implementation;
- (l) is responsible for the supervision of the solving and management of complaints regarding EVERGENT Investments activity on the capital market, keeping the complaints register and periodical reporting to ASF of the status of recorded complaints.
Through CEO decision, a permanent committee is set up to analyze all shareholder's petitions and suggest, if the case be, measures adopted by management to improve the situations notified, the communication of the answer to the complaint make is made abiding by legal deadline.
- (m) creates a process to identify, register, monitor, prevent and disclosure of conflicts of interests, manages the internal procedure regarding *Conflict of interest*.
- (n) manages the specific work procedure regarding the Supervision of international sanction application on the capital market - in applying express regulations of FSA; RCCI who can be a member of the Committee (through internal resolution), in which quality it also insures the relationship with FSA

Carrying out permanent and regular control:

1. Preparation of the Annual Investigations Program/Plan, abiding by the following principles/ criteria:
 - (a) It includes control objectives according to applicable legal regulations and represents part of an integrated control process within EVERGENT Investments(internal control, internal audit and risk management);
 - (b) It is prepared based on the risk analysis that might occur from the activities carried out by EVERGENT Investments, considering the “ Register of Operational risks identified which might affect EVERGENT Investments’ activity”, drafted by the Risk Management Department;
 - (c) the activities that it carries out, in order to verify the compliance of the company’s activity to applicable legal regulation, EVERGENT Investments’ policy and procedures, are periodical and permanent control activities;
 - (d) the main component of the activity is pro-active permanent control, exercised through the continuous supervision and monitoring of activities that fall under the competence of internal control, in order to prevent the occurrence of legal and internal non-compliance.

2. *Making investigations and preparing reports for the management structure:*
 - (a) presents a report regarding the investigation plan to the Board of Directors of EVERGENT Investments, for debate and approval; the report is priory endorsed by the Audit Committee;
 - (b) reports to the Board of Directors and directors on the cases when the legal framework applicable to the capital market, internal regulations and work procedures have been infringed, within one working day, in order to remedy the ascertained situations.
 - (c) regularly drafts, at least once a year, reports towards executive management on issues connected to compliance, stating especially if proper measures have been taken in order to remedy possible deficiencies
 - (d) annual report and the investigations plan for the coming year, approved by the Board of Directors are submitted to FSA if the law foresees this.

Chapter 5. INTERNAL AUDIT

Abides by the provisions of FSA no. 2/2016 – art. 4 line 2 d) adequacy of policies and strategies; as well as of the internal control mechanisms

EVERGENT Investments sets and maintains the permanent internal audit function that is separate and independent from other functions and activities of EVERGENT Investments.

The Internal Audit department is subordinate to the Board of Directors.

For the purpose of guiding the activity, the internal audit department develops policies and procedures aligned to the requirements of Internal Standards for the professional practice of internal audit.

Attributions and responsibilities:

- (a) helps the company, both as a whole and its structure, through opinions and recommendations;
- (b) assists the company in risk management;
- (c) contributes to the improvement of risk management, control and governance processes;
- (d) evaluates the adequacy and efficiency of controls regarding governance, operations and systems of EVERGENT Investments;
- (e) draft policies and procedure for the exercise of the audit activity, as well as any modification of them;
- (f) conducts risk evaluations for the activities carried out by EVERGENT Investments, at least once a year;
- (g) sets, implements and maintains an audit plan in order to evaluate and examine the efficiency and adequacy of the internal control systems and mechanisms, and procedures of EVERGENT Investments;
- (h) notifies the Audit Committee and Board of Directors about the plan regarding internal audit activity, and necessary resources, including significant interim modifications;
- (i) carries out the missions included in the annual plan;
- (j) issues recommendations based on the results of the activity carried out;
- (k) at the request of the Audit Committee, Board of Directors or directors carries out missions on the spot or exceptional missions (not included in the internal audit annual plan) ;
- (l) verifies the abidance by recommendations;
- (m) at the end of each mission, reports on issues concerning internal audit and regarding the adequacy of the adopted measures to remedy possible deficiencies;
- (n) records any relevant information that supports the conclusions and results of the engagement
- (o) coordinates its activity with the financial auditor, in order to insure the proper fulfillment of the audit objectives and minimize overlaps
- (p) periodically reports to the Board of Directors and the Audit Committee about the purpose of the audit activity, authority, responsibility and functioning of the internal audit activity, in relation to the set plan;

- (q) verifies if management has accepted a level of residual risk that would be unacceptable for EVERGENT Investments and notifies the Board of Directors about the cases when no decision regarding residual risk was taken, in order to solve this situation;
- (r) carries out formalized counsel missions (included in the Internal Audit Plan), informal, exceptional or in emergency cases, at the express request of the Board of Directors or executive management

Internal audit carries out assurance and advising missions.

Assurance missions offer an independent evaluation of the governance processes, risk management and control process within EVERGENT Investments. Insurance missions are carried out through the following stages: planning of the internal audit activity, preparation of the internal audit mission, on-site intervention, internal audit report, following-up the recommendations and quality analysis.

1. ***internal audit activity planning:*** the drafting, endorsement and approval of the multiannual internal audit plan and the annual internal audit plan, in compliance with the requirements of the International standards for professional practice of internal audit and national regulations.
2. ***preparation of internal audit mission:***
 - informing the leader of the activity that is to be audited, regarding the start of the internal audit mission;
 - collection and processing of information regarding the structure, activity, program/project or audited operations, in order to facilitate the drafting of procedures regarding risk analysis and verification;
 - identification and analysis of specific risks and evaluation of internal control in the audited process/ activity/ structure, so that the audit effort be oriented towards the riskiest areas;
 - drafting the internal audit mission program to make sure the internal audit mission is carried out under good conditions, in order to cover all auditable objectives and their associated risks;
 - meeting the representatives of the audited structure in order to introduce the members of the internal audit team, purpose of the mission, objectives set for the internal audit mission and work methods, as well as setting a calendar for the meetings.
3. ***on-site intervention:***
 - collection of audit evidence for the purpose of the audit team's building an opinion about the strong and weak points of the process/ activity/ organizational structure audited and submittal of audit evidence based on which the ascertainties, recommendation and general conclusion of the audit mission will be presented;
 - ascertainment and reporting of identified irregularities.
4. ***drafting the internal audit report:***
 - drafting the internal audit report project; sending the internal audit report project to the audited structure for the purpose of having it analyzed and for the presentation of its standpoint regarding the ascertainties and recommendations of auditors;
 - analysis of the observations submitted by the audited structure concerning the internal audit report project
 - analysis, endorsement and approval of the internal audit report and action plan for the implementation of recommendations.
5. ***follow-up of recommendations:*** insurance that the recommendations presented

following the internal audit missions are properly implemented on the set deadlines and evaluation of consequences in case they are not applied.

6. **analysis of the quality of the internal audit activity:** for the purpose of offering a reasonable insurance that the internal audit abides by its Charter, functions efficiency and contributes to the creation of added value and improvement of company's operations and in order to make sure that in the internal audit missions all internal audit mission objectives have been achieved at a high quality standard

Advising missions are consultative and connected activities that have the role of adding value and improvement the governance, risk management and control processes of EVERGENT Investments, without the auditors taking on the responsibility of management.

Advising Missions may be:

1. **formal advising missions** – are usually included in the annual internal audit plan and the terms and conditions are agreed on with the applicant. Procedurally, these missions are usually carried out as the assurance mission;
2. **informal advising missions**– are activities and services, such as:
 - participation to workgroups between departments, committees of other such bodies, with temporary activity, participation to projects (during the life cycle of the project) or sessions and ad-hoc meetings;
 - supply of facilitation and training services in the field of internal control and risk management;
 - usual exchange of specific information with other organizational structures within the company, group, industry, etc.;
3. **special advising missions**– are special services carried out by internal audit within large institutional projects (ex. advice for the outsourcing of operations, or after the restructure of organization processes, participation to expert teams setup for the conversion of operational systems, etc.).

In certain circumstances, based on the cost-benefit analysis, internal audit may decide to carry out mixed audit missions that incorporate elements from both the assurance mission and the advising mission, in a consolidated, unitary approach.

At the same time, internal audit may consider it appropriate to carry out missions, in which to distinguish between the "insurance" and the "counseling" component

Chapter 6. COMMUNICATION STRATEGY

Communication Policy/Strategy

In order to achieve the objectives set in the business plans, in compliance with the activity object and specific regulations, EVERGENT Investments must abide by the principles regarding corporate governance and those regarding transparency in relation to the interested parties.

The Board, executive management /higher management, depending on the case, are bound to communicate with the interested parties, based on communication policies/strategies that abide by at least the following requirements: insurance of an equitable treatment for shareholders and interested parties; communication of information in due time, insuring a transparent communication framework.

1. Policy Purpose and Objectives

External communication

External communication must contribute to the fulfillment of legal obligations and objectives set by the Board of Directors through the communication strategy and calendar. Providing the visibility and transparency in the relationship with the main beneficiary categories, namely:

- EVERGENT Investments' shareholders
- possible investors
- capital market institutions
- other categories of entities, natural or legal (work groups, profile associations).

External communication must promote the general knowledge of EVERGENT Investments' performance, objectives and strategies.

Internal Communication

The main objective of internal communication is the provision of the necessary support of the company to reach its objectives, as set by the shareholders and Board of Directors, according to own mission and strategy.

Internal communication has the purpose of consolidating organizational structure, increase of the degree of confidence and involvement of EVERGENT Investments' employees in the company's performance. All internal communication has formalized support, in the procedure and document IT management system.

2. Principles

An active communication with the shareholders/ investors and other categories of interested parties, with the capital market institution and the public is integral part of EVERGENT Investments' management process and is based on the following principles:

Transparency – As a BVB regulated and quoted entity, EVERGENT Investments wants the communication process to be as transparent and open as possible, and at the same time, abide by the confidential nature of information and data, in compliance with the applicable legal regimen.

EVERGENT Investments ensures the abidance by transparency requirements by disclosing the information foreseen by art. 48¹ of Regulation 2/2016 on website: [www.evergent.ro/Structuri de guvernanta corporativa](http://www.evergent.ro/Structuri%20de%20guvernanta%20corporativa), namely:

- (a) The documents and information for which there is a disclosing obligation according to specific law applicable to the regulated entity;
- (b) Organizational structure, including the members of the management structure;
- (c) Main characteristics of the governance system, in accordance with the provisions of FSA Regulation no. 2/2016;
- (d) Conclusions of the evaluation of financial position based on formal provisions foreseen by art. 11 line (1) Reg. 2/2016;
- (e) The main characteristics of the formal framework regarding the application of financial reporting principles and practices, including prudential reporting;
- (f) The main characteristics of the system regarding risk management based on the procedures and strategies foreseen under art. 41 Reg. 2/2016;
- (g) Excerpt regarding the conclusions of the efficiency of the risk management system foreseen under art. 45 Reg. 2/2016.

EVERGENT Investments makes sure this data is updated whenever necessary.

Efficiency - EVERGENT Investments uses modern communication means and proper technologies in order to send messages in due time to its target group, EVERGENT Investments responds, with due diligence to the request for information received from the regulators, market institutions, mass-media, shareholders and other interested parties.

Clarity - EVERGENT Investments strives for clarity and accuracy in communicating its messages, so that these transmit concise and useful information on targeted aspects. No improper language for the business environment, or improper terms will be used. A well-defined visual identity in external communication, contributes to the consolidation of clarity.

Pro-activity - EVERGENT Investments is constantly interested in the contact with shareholders/ investors and regulated and supervised institutions, professional organizations and associations so as to identify those reciprocal interest aspects to improve the working environment and performance.

We add value through the relationship with investors - EVERGENT Investments operates in a high accessibility environment and therefore, the most important information are communicated in Romanian and English, on our website, which allows both Romanian and foreign investors to gain access to the same information, at the same time.

3. Target Groups

EVERGENT Investments addresses several types of entities, natural individuals and companies, as follows:

External communication targets:

- • *Shareholders – the company's shareholders are the most important decision-making body when it comes to the company's development strategies. Communication with them is very important to insure the support necessary for the understanding and promotion of the company's interests;*

- *Shareholders – investors of EVERGENT Investments* – the supply of complete information in an easy-to-comprehend manner for shareholders and investors, allows EVERGENT Investments to inform the latter about the results, development strategy and especially methods to exercise shareholders' rights, familiarizing them with the exigencies of the applicable legislative framework;
- *Regulating and supervision authorities, public sector* - EVERGENT Investments' activity is regulated and supervised by relevant authorities in the field (ASF, BVB), so that a good communication with them contributes to the insurance of a good collaboration relationship and abidance by applicable law. At the same time, EVERGENT Investments answers the requests of other state institutions and authorities, submitting information and full data to them, in due time (BNR, ANAF, etc.);
- *Central Depository and Depository* - EVERGENT Investments' activity is strictly connected to the services of the two depositories, the relationship is regulated by applicable law and communication with the two institutions is made diligently, with maximum responsibility and in the best collaboration relationship;
- • *Other non-governmental organizations* - EVERGENT Investments receives and analysis the requests received from professional associations that act on the Romanian capital market and with them, it tries to find the best solutions and mechanisms to improve the working environment. At the same time, through the participation to various work groups or as member of profile associations, there is an efficient dialogue to promote EVERGENT Investments' interests;
- *Media* – the collaboration with the media serves to fulfill the legal obligations regarding the publication of continuous reports as well as the consolidation and promotion of EVERGENT Investments' image;
- *Participants (custodians, financial investment companies)* – to the extent that, for corporal events, they are dissemination means for information destined for shareholders and investors, or they are shareholders as well, EVERGENT Investments develops the best professional relationship.

Internal communication - targets the employees of the company. For this purpose, EVERGENT Investments is permanently interested in insuring an internal communication and information with the employees of the company who poses the required competencies and specializations needed to reach the objectives and strategies of the company, through the efficient carrying out of daily activities.

4. Messages - depending on the interests and development of EVERGENT Investments, key-massages can focus on other fields of interest or promotion concepts.

5. Communication channels and tools

Communication tools are diverse, direct or indirect: press releases, reports, notifications, statements and speeches, interviews, conferences, non-formal meetings with the press, operational interfaces, sponsorships and the channels are adapted to the recipients of the information: shareholders, supervision and regulation entities, other entities of the market.

The tools used by EVERGENT Investments for communication purposes are:

- *Regular and continuous reports* – in the regulated format and with the regulated frequency are published on a monthly, quarterly, half-yearly and yearly basis. Net asset with the annexes, quarterly, half-yearly and annual reports. On the occurrence of any

- corporate event – reports/ press releases, notifications, presentations, etc.
- *Internet* – website of EVERGENT Investments comprises information, data and documents foreseen by applicable law as well as other categories of information for shareholders and investors. The site of EVERGENT Investments is a very important informational tool without time or space limitations for shareholders, so that they understand the methods of exercising their rights (correspondence, dividend, vote), and for the promotion of the company’s image and strategy. The internet page facilitates shareholders interaction and represents the most accessible business card. The content of the webpage is constantly updated.
 - *Conferences and presentations*–EVERGENT Investments organizes and participates to *conferences, presentations, meetings* at significant time intervals (quarter, semester, year) where it can present the performance of the company and answer to shareholders’ questions.
 - *Relationship with the media* - EVERGENT Investments sends the media press releases both mandatory/regulated and regarding issues of interests. Press releases are published on the site of our institution in Romanian and English. At the same time, EVERGENT Investments can submit to the publications in the field, press releases and articles, position statements (if the case), corrections or mentions.
 - *Advertising and sponsorship* - EVERGENT Investments can use advertising to announce corporate events and carries out permanent activities regarding the company’s social awareness supporting each year, either directly or through specialized foundations or associations the underprivileged categories in the community where it carries out its activity, or supporting scientific, cultural, sporting, medical, educational and environmental actions, of local or national interest. EVERGENT Investments uses its tax facilities that can be used for sponsorship purposes.
 - *Internal communication – email, integrated IT system for document management, dedicated partitions for work and storage* – Company employees communicate among themselves and work together on common projects both through the electronic mail (email) and through the use of common work and storage partitions on the files serves. Internal documents (and external) correspondence are registered and archived in the Document Management module of SII.

6. Basic communication rules

The responsibility for internal and external communication rests with executive management, the Board of Directors with the support of EVERGENT Investments’ departments. The responsibility for internal communication is regulated procedurally and supported by the Document Management module of the Integrated IT System and electronic mail.

Representation in public space – is provided by the CEO, deputy-CEO or members of the Management committee that may give interviews (audio, video or for written press) and give presentations on aspects related to the company’s field of activity. In certain cases, another individual (employee of EVERGENT Investments) may hold presentations, conferences or other types of communications in public space, with the consent of executive management.

Communication coordination – is based on the objectives and strategy that are agreed on by executive management together with the members of the Board of Directors. The means (communication channels and tools) as well as individuals/departments involved are set depending on the objective considered for its realization.

Chapter 7. CONFIDENTIAL INFORMATION REGIMEN

Abides by the provisions of FSA Reg. no.2/2016 – art 4 line 2: application of solid operational procedures to prevent the disclosure of information .

EVERGENT Investments drafts and manages procedures and uses control and protection tools in the field of electronic data processing and guarantee of safety, integrity and confidentiality of information.

The Corporate Governance and Relationship with Investors Departments is responsible for the drafting, management and implementation of procedures to insure data safety, integrity and confidentiality.

The employees of EVERGENT Investments S.A. are aware of the legal framework where this information is exchanged and of the obligations they have both on internal and external level, as follows:

- internally – the framework is defined to insure information management through: specific procedures (management of information and documents, access control, incident management, safety copies, document archiving), management decisions, Collective Employment Contract, job descriptions, implemented ISO 27001 standard (Information Safety Management System);
- externally – interdiction applied to individuals holding insider information to use this information in order to acquire or sell, or with the intention to acquire or sell, on own behalf or for third parties, either directly or indirectly, financial information to which this information refer.

1. Management of EVERGENT Investments' integrated IT System

Access to the IT systems used to manage and evaluate the portfolio, registration of transactions, keeping investor's records, economic management, document management, are assigned to individualized users, based on access elements that have predefined rights depending on the attributions of each employee, according to EVERGENT Investments' internal regulations and procedures.

EVERGENT Investments has implemented standard ISO 27001 (Information Safety Management System - ISMS) and the entire IT system is audited according to FSA Norm no. 4/2018 on the management of operational risks generated by the IT systems used by entities authorized/endorsed/ registered and/or supervised by the Financial Supervision Authority, corresponding to the classification into the average risk category.

2. Business Continuity Plan

EVERGENT Investments has implemented a business continuity plan, in case own mechanisms and systems break down, that insures the storage of data and essential functions, maintaining services, or, in case this is not possible, the quick recovery of these data and functions and restart of services and activities within the allowed time frame.

Business continuity planning represents the process planned to reduce risks following the abrupt interruption of critical functions or operations, automated or manual, required to continue EVERGENT Investments' activity. The material and human resources required to

insure a minimum level for critical operations are also included. The business continuity plan includes the Disaster Recovery Plan needed to recover facilities that have been rendered non-operational.

The continuity plan is *evaluated on a half-yearly basis* and updated depending on: legislative provisions, staff fluctuation, modification of buildings and access paths, the results of the exercises and simulations carried out. *Recovery time is max. 4 days.*

The *business continuity management* process is implemented in compliance with ISO 27001 (Information Safety Management System SMSI) to reduce the impact on the organization and come-back of the company following the loss of sensitive information up to an acceptable level, through a series of preventive safety measures and recovery. The process is aimed to prevent and protect any discontinuity in the running of critical activities and processes, against the destruction of sensitive information and to insure their recovery in the shortest amount of time possible.

The business continuity plan refers to activities that will take place in case of major disasters that make the continuation of operations under normal circumstances impossible. This approach is based on the identification of the company's important processes, integration of information safety policy requirements for business continuity along with other continuity requirements such as operations, insurance of the needed staff, transportation, utilities and facilities.

Continuity of information systems

Processing through IT means is of strategic importance since most business processes use IT resourcing, and the existence of a facility for IT processing ready to become operational in case of a disaster is required.

Disasters and other destructive events render the affected informational resources non-operational for a period of time; this generates efforts to recover the operational status.

The business continuity plan is the procedure for the recovery and rerun of organizational capabilities in site, alternatively, which has the attributes of a warm-site insuring hardware, networks and telecommunications support to activate existent backups and continue EVERGENT Investments' activity.

Plan testing - is made for the purpose of verifying plan functionality and identification of those components that should be improved. Test may meet the following the plan's completeness and functionality, evaluation with the staff with BCP attributions and their training level, evaluation of the team members and availability of external suppliers; the back-up and recovery center's ability to deal with the processing evaluation of the status and quality of the equipment and utilities assigned to the recovery site; measurement of the overall performance of the processing and operational activities connected to the organization's activity.

Plan update –Every time there are significant modifications made to the IT system, an update of BCP is made and components are tested. The good practice recommendations order

the testing and revision of BCP taking into consideration the modification occurred even after the simple replacement or purchase of equipment, staff migration, software updates. The task of updating the BCP is that of the plan coordinator.

Backup – Safety copies (backup) are made for data and software as well (basic and applications). The frequency of backup copies is set through specific procedures. The frequency of backups is that in the approved Backup Plan. The BCP copy is stored in the location reserved for the backup copies.

Responsibilities regarding Business Continuity plan (BCP) - EVERGENT Investments' management (top management) and teams or collectives appointed through specific procedures.

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Chapter 8. SHAREHOLDERS' RIGHTS

Objective: Increase of the company's ability to relate with the business environment, shareholders, investors and entities of the capital market that should lead to the development of the environment necessary to stimulate cooperation, for the benefit of all partners involved.

Recommended principles regarding the relationship with shareholders and investors:

1. *The Board should ensure the equitable treatment of all shareholders and investors.*
2. *There should be a dialogue with shareholders and investors, based on the mutual understanding of objectives. The board of directors as a whole is responsible for making sure that there is a satisfactory dialogue with shareholders and investors based on the mutual understanding of objectives.*
3. *The Board of Directors must make sure that minority shareholders are protected.*
4. *The Board of Directors should consider the fact that the perception of shareholders and investors affect the Company's reputation.*

Recommended practice for the Board:

- a) *The gap between the perceptions of shareholders and investors and the performance of the company should be managed and measures in order to increase and protect the Company's reputation;*
- b) *The topic of the Company's reputation and its connection to shareholders and investors should regularly be on the Board's agenda;*
- c) *The board should identify important shareholders and investors groups.*
5. *The Board of Directors should assign executive management the task of proactively dealing with shareholders and investors.*

Recommended practice:

- a) *Management should develop a strategy and formulate policies for the management of relationships with each shareholders and investors group;*
- b) *The Board should oversee the establishment of mechanisms and processes that support shareholders and investors to constructively engage with the company;*
- c) *The Board should encourage shareholders to participate to the General Meetings;*
- d) *The Board should consider not only formal, but also informal processes for the interaction with the Company's shareholders and investors;*
- e) *The Board should disclose in its report the nature of the Company's dealings with shareholders and investors, as well as the outcomes of these dealings.*
6. *The Board of Directors should strive to achieve the appropriate balance between its various shareholders and investors groups.*

Recommended practice:

The Board should take account of the legitimate interests and expectations of its shareholders/investors in its decision-making in the best interests of the company.

7. *Transparent and effective communication with the shareholders and investors is essential for building and maintaining their trust and confidence;*

Recommended practice:

- a) *Complete, timely, relevant, accurate, honest and accessible information should be provided by the Company to its shareholders and investors while having regard to legal and strategic considerations;*

- b) *Communication with shareholders and investors should be in a clear and easy to understand manner;*
 - c) *The Board should adopt communication guidelines that support a responsible communication program.*
8. *The Board of Directors should make sure that litigations are solved as efficiently and quickly as possible. Recommended practice: The Board should adopt formal processes to solve both internal and external litigations.*

The foundation of the shareholding policy is the abidance by shareholder's rights, providing them an equitable treatment; this challenge and the promotion of an active policy are the coordinates implemented by the specialized staff of the department with shareholding attributions.

Sustained communication with shareholders is a priority of EVERGENT Investments' management. In this regard, additional information are made available to the shareholders/investors, some non-regular (newsletters) designed so as to be able to allow up-to-date information on company's performance and the transparency of management.

The company is permanently seeking to develop communication and improve the quality of the information transmitted through:

- regular activity reports that exceed the minimum information obligations, as per FSA requirements;
- Newsletter - include the relevant updated information on the company's performance and structure of managed assets.

Regular and continuous relevant information (through financial and non-financial reports) are disseminated, both in Romanian and in English.

Through these measures, the shareholders of EVERGENT Investments have provided, consistently and on time, all the data required to analyze and evaluate the investment strategies based on which the company's management operates. At the same time, one can assess, at any given time, the degree of abidance by the general activity performance indicators that can be found in the regular reports of the Board of Directors.

An important component of the relationship with the shareholders is the direct mail. Thus, it is possible to respond to the issues raised by them, which mainly concern information on the payment of dividends (amount, modalities, procedures, deadlines, etc.) transfers on the cause of death (procedures, appropriate dividend amount, etc.), personal data updates, trading methods, reporting financial data (periodic net asset reports, etc.), information on rules of taxation, the tax regime of non-residents (direct mails, custodians or other intermediaries) etc.

In outlining the medium/long term strategies, on major themes regarding company's activity, which may be placed on the agenda of general meetings, the Board of Directors initiates consultation processes with shareholders, investors and analysts; the opinions received and the

evaluation of the answers are important for the company's management in the decision-making process.

Chapter 9. FINANCIAL REPORTING

EVERGENT Investments sets, applies and maintains accounting policies and procedures and evaluation rules that allow, at the request of the competent authority, the submission in due time of financial reports that reflect an accurate and correct image of the financial position and abide by all applicable accounting standards and norms.

EVERGENT Investments has organized its accounting in a distinct department – Financial Department – abiding by the legal provisions in the field. The company's annual financial statements are audited by financial auditors, members of the Authority for the public supervision of statutory audit activity (ASPAAS) and the Chamber of Financial Auditors of Romania.

The Financial Department, through the specialized department (Accounting Department) provides:

1. Application of the International Financial Reporting Standards and the application of preparation and publication rules for interim and annual financial statements compliant with IFRS (individual and consolidated), foreseen by these Standards, according to applicable regulations issued by FSA;
2. Organization and keeping of own accounting records, in accordance with Accounting Law no. 82/1991, specific accounting regulations issued by FSA and approved by MFP, making sure that the accounting records, half-yearly and annual financial statements and tax statements and tax returns are prepared and submitted on time;
3. Financial planning;
4. organization and exercise of preventive tax control, in accordance with legal and internal regulations;
5. drafting the income and expenditures budgeted, abiding by the investment budget, predicted cash-flow and financial indicators that lay at the base of the Annual Activity Program, by the departments with portfolio management functions;
6. Coordination of the financial planning activity, financial follow-up and reporting for EVERGENT Investments SA's subsidiaries and the creation of a unitary procedural framework on the level of EVERGENT Investments' Group.

Accounting Policies Handbook

Accounting policies represent the specific principles, grounds, conventions, rules and practices applied by EVERGENT Investments on drafting and presentation of financial statements.

The Board of Directors approves the accounting policies for the operations run. **These policies are drafted in agreement to the specifics of the activity.**

On drafting the accounting policies the basic accounting principles were abided by, mainly: engagement accounting, business continuation principles, as well as the other principles that

govern accounting.

Applicability area of the Accounting Policies

The accounting policies include rules for the acknowledgement, evaluation and presentation of balance and profit and loss account in the financial statements, as well as rules for the management of EVERGENT Investments' accounting. Accounting policies must be applied along with the legislation that regulated the company's specific activity, the law in the field of accounting and national law in general. The modification of legislation existent on the date the accounting policies were drafted may require the modification of the accounting policies.

IFRS accounting policies handbook presents general aspects and principles applied by the Company in its daily activity.

The manual contains accounting monographs in accordance with the regulations in force and an annex which includes the checklist for the presentation requirements related to each IFRS standard. Also, the manual contains specific aspects related to the Company's holding portfolio:

- Presentation of EVERGENT Investments' holdings portfolio from the perspective of instruments held: financial assets measured at fair value through other comprehensive income (FVTOCI), financial assets measured at fair value through profit or loss (FVTPL), other financial assets at amortized cost;
- holdings in shares are presented in the manual depending on the existence of an active market, as follows: shares listed with the active market, shares listed on the inactive market, unlisted shares;
- The handbook mentions the frequency and method in which the Company ascertains the active market status for the markets on which held instruments are traded
- Specific criteria considered by the Company when ascertaining impairment losses for financial assets at amortized cost are presented.

Significant accounting policies include:

(a) Financial assets and liabilities:

- Classification of financial assets
- Classification of financial liabilities
- Initial recognitions
- settlements
- evaluation at amortized cost
- evaluation at fair value
- identification and assessment of value impairment
- derecognition;

(b) Subsidiaries and

(c) Earnings per share.

Chapter 10. INVESTMENT STRATEGY AND POLICY

The investment policy is the strategic component through which the Board of Directors of EVERGENT Investments targets the maximization of patrimonial assets and performance indicators in current activity, on the long run and in the interest of own shareholders.

1. General Description

The Board of Directors is responsible for setting the main activity and development directions of the company and drafting the investment strategy of EVERGENT Investments.

The Investment Policy is approved by GMS and defines the general framework of action, depending on the long-term investment objectives, establishing the modalities for implementing the strategies appropriate to the economic cycle, in conditions of prudence.

The Investment Strategy pursues the efficient placement in financial instruments abiding by investment limits and the investment policy established by its own management.

The Board of Directors is responsible for setting the main activity and development directions of the company and drafting the investment strategy of EVERGENT Investments. The investment strategy targets the professional management of available resources/assets for the purpose of reaching the objectives set by shareholders and obtaining average and long term revenue.

The investment activity is carried out abiding by the prudential and legal limits, in compliance with macroeconomic tendencies.

The activity is internally standardized, the procedure regulating the way investment policies and strategies are set and the way in which the company may change its investment strategy and policy (in case evolutions monitored require modifications or corrections to reach the expected result, these will follow the initial process for drafting and approval until approved by the Board of Directors).

Key elements

- Solid and sustained **investment policy** is the base of the long-term increase of managed assets value, a basic element for the consolidation of investors' trust.
- **Capital operations**
EVERGENT Investments targets capital operations such as:
 - share capital increases in order to provide resources for the implementation of investment programs;
 - capital decreases for the purpose of increasing investors' yields;
 - share redemption programs for the purpose of involving management and employees, for the increase of management efficiency and in agreement with AFIA/FIA regulations regarding remuneration;
 - splitting, nominal value consolidation.

EVERGENT Investments takes on a predicable policy that remunerated invested capital at a

level higher than those offered by monetary placement and is meant to satisfy the short-term interests of shareholders.

The justification of investment strategies is made by specialized structure, with staff that has the proper competence, knowledge, experience and understanding of the assets in which the EVERGENT Investments invests.

Implemented principles:

- high level of diligence in the selection and permanent monitoring of investments in agreement with the objectives approved by shareholders and macroeconomic trends;
- abidance by the prudential, legal and risk limits in implementing investment programs;
- continuation of strategic targets on the average and long term;
- insuring the transparency of the decision-making process through notifications to investors;
- calibration of investment – disinvesting programs depending on the cash need for dividend distributions to the shareholders.

Investment opportunities are selected depending on:

- average and long term increase potential of the assets value and implicitly of the activity field, at the same time with the implementation of a rigorous control of potential risks.
- speculative potential in case of some listed shares
- opportunity of obtain control and implement strategic decisions in a company.

Annual investment objectives are grounded and set through the annual activity programs.

According to the approved annual programs, the investment strategy of EVERGENT Investments was defined by the following characteristics:

- a portfolio comprised mainly of shares;
- orientation towards listed or traded shares, mainly on Romanian market;
- Defining the Financial- Bank and Energy-Industrial Portfolios focused mainly of listed shares in the bank and energy-utilities fields. The portfolios are subjected to a constant recalibration process in agreement with macroeconomic tendencies and provide a significant flow of dividends as well as cash for investment programs;
- restructure of the historic sub-portfolio of closed or low liquidity companies –SELL portfolio, and transferring the amounts thus obtained towards performing sectors or assets;
- development of Private Portfolio.

2. Eligible Assets Categories

EVERGENT Investments S.A.’s investments may be made exclusively in one or more of the following assets:

- (a) securities and monetary market instruments** listed or traded on a trading venue in Romania or another member state
- (b) securities and monetary market instruments** allowed at the official listing of market of a third state, that operates regularly and is known and open to the public, provided that the selection of the market be approved by F.S.A. I agreement with the eligibility requirements foreseen by art. 42 of FSA Regulation no. 7/2020 and be foreseen

in the Fund Rules or in the Investment Company's Memorandum of Association, approved by FSA;

(c) Newly-issued securities, that are object of a public offering to be admitted for trading, abiding by all of the following conditions:

- (1) The issue documents include a firm engagement according to which it requests the allowing for trading on a trending venue or trading on a stock market in a third country that operated regularly and in known and open to the public, provided that the selection of the trading venue or stock market be approved by FSA or be foreseen in the fund rules or in the investment company's memorandum of association, approved by FSA; ,
- (2) The allowing be ensured within maximum one year since issue.

(d) Holding titles of UCICTS or AIF settled in member states or not, with the cumulative fulfillment of the following conditions:

- (1) A.I.F.s are authorized or registered;
- (2) AIF's activities are object of regular reports that allow an evaluation of assets and liabilities, income and operations from the reporting period, in accordance with the redemption frequency offered to investors, depending on the case;
- (3) AIF's profile abides by the liquidity profile of AIF set by AIFM in accordance with. art. 4 line (11) Law no. 243/2019.

The Company invests exclusively in UCITS and AIFs that through their setup documents or other relevant document insure the individual segregation of assets held or their segregation in omnibus accounts, that are reconciled by the depository of UCITS /AIF at least with the regularity similar to the subscription of redemption frequency offered to the investors of the respective UCITS/AIF. An omnibus account that may include the assets of more clients of UCITS/AIF depositories cannot include the own assets of the UCITS/AIF depository, or of assigned third entities;

(e) Deposits setup with credit institutions that are returned on request and offer withdrawal right, with a maturity that does not exceed 12 months, provided that the headquarters of the credit institution be located in Romania or another member state. In case the headquarters is in a third country, the credit institution should be subjected to prudential rules similar to those issued by the European Union;

(f) Derived financial instruments from Romania, a member state or third state, with final settlement in cash or support asset, traded on a trading value in Romania or the stock market of a member state or a third country as under letter a) and b) above and/or derivatives negotiated outside regulated market, provided that the following conditions are met cumulatively:

- (1) The underlying asset may be a share, share basket or any financial instrument in which the Company may invest, in accordance with its investment objectives and financial indexes, interest rate, precious metals, energy products and currency rate;
- (2) the counterparties, in the negotiation run outside regulated markets are entities subjected to prudential supervision, that belong to the FSA approved categories F.;
- (3) derivative financial instruments negotiated outside regulated market are object of a daily and verifiable assessment and can be sold, liquidated or the position can be closed on a daily basis, at their fair value, through a reverse transaction;

(g) monetary market instruments, other than those traded on a trading venue, that are liquid and have a value that can be accurately determined at any time, with the exception

of commercial papers, provided that the issuance or issuer be subjected to regulations regarding the protection of investors and their savings and the instruments:

- (1) be issued or guaranteed by a central, local or regional administrative authority, a central bank in a member state, Central European Bank, European Union or European Investment Bank, a third party country, or in case of federal states, by one of the federation members or a public international body to which one or several member states belong ; or
 - (2) be issued by a body whose titles are negotiated on regulated markets mentioned under item 1 ; or
 - (3) be issued or guaranteed by an entity, subject of prudential supervision, according to the criteria defined by European law, or an entity that is subject of prudential rules and abiding by them, rules validated by FSA as being equivalent to those foreseen by European legislation ; or
 - (4) be issued by other entities belonging to the categories approved by FSA provided that investment in such instruments be subject to a protection of investor equivalent to that foreseen under item (1), (2) and (3) and that the issuer be a company whose capital and reserve each at least the lei equivalent of 10.000.000 euro, which presents and publishes its annual financial statements, according to applicable European law, or an entity which, within a group of companies including one or more listed companies, has the role of financing the group or is an entity dedicated to the financing of security vehicles that benefits from a banking financing line.
- (h) shares** of limited liabilities companies, regulated by Law no.31/1990 republished, with its later amendments and additions, whose annual financial statements are audited according to the law;
- (i) securities:**
- (i) shares and other share equivalent values;
 - (ii) bonds and other receivables;
 - (iii) any other negotiable titles that grant the right to purchase those securities through subscription or exchange; **that are not admitted to trading** on a trading venue or are not traded on a stock market from a third country;
- (1) The company invests in corporate bonds not admitted to trading on a regulated market or alternative trading system, abiding by at least the following conditions:
- a) The issuer of corporate bonds should have at least 2 years of activity at the time the corporate bonds investment is made. In case the issuer of corporate bonds has under 2 years of activity, EVERGENT Investments invests only in corporate bonds issues guaranteed by a B.N.R. certified credit institution or a subsidiary in Romania of a credit institution authorized in another member state or with other liquid /eligible collateral representing at least 100% of the corporate bonds issue value;
 - b) The annual financial statements of the issuer of corporate bonds should be audited according to the law, and not present significant risks, such as solvency risk, liquidity or solvability risk, regarding its financial position that could hinder it from meeting its coupon and principal payment obligation related to the corporate bonds issue;
 - c) The issuer of corporate bonds should not be entered on the list of taxpayers with tax liabilities published on the website of the National Agency for Tax Administration;

- d) the issuer of corporate bonds has registered a profit in at least the last 3 consecutive financial years, as it results from the related annual financial statements, audited according to the law; if the issuer of corporate bonds has less than 2 years of activity, then it has recorded a profit in all financial years.
- (2) The statement of guarantees foreseen under line (1) letter a) is submitted to FSA with the first weekly report on the statement of EVERGENT Investments' net asset, after the investment is made;
- (3) In applying line (2), the statement of guarantees foreseen under line (1) letter a) that can be bank guarantee letters, the insurance of the bonds issue by an insurance company or other similar proving documents issued by financial institutions or the legal representative of the issuer of that collateral include the signature of the responsible individuals within EVERGENT Investments and that of the depositary's representative.
- (4) The valuation of those guarantees will be carried out off-balance sheet in accordance with the rules applicable to the valuation of EVERGENT Investments' assets.
- (5) The valuation of the corporate bonds for which payment of the principal or related coupons has not been made within the deadline is analyzed at 0 (zero) value or at the value of the executed collateral, as the case may be, the making of additional investments in financial instruments issued by the same issuer being forbidden.
- (6) Where the amounts are not collected within 10 work days from the term foreseen in the issuance prospectus, the directors of EVERGENT Investments SA start and inform FSA about the legal actions to recover the amount receivable.

EVERGENT Investments has an internal methodology for the selection of corporate bonds not allowed for trading that includes an analysis of the credit risk of the issuer of corporate bonds not allowed for trading and is based on at least the following principles:

- a) quantification of the credit risk of the issuer of non-traded corporate bonds and assessment of the probability of default and of the respective issue of non-traded corporate bonds, based on a calculation model;
- b) the use of qualitative indicators for the assessment of the issuer's credit risk, taking into account the national and international macroeconomic situation and existing market conditions;
- c) the use of the rating provided by a credit agency registered by ESMA or internationally recognized, or of the indicative quotations provided by specialized agencies, based on the principle of comparison with other similar financial transactions, if available;
- d) the cost-benefit analysis of the reliability and economic profitability of the investment purpose for which the issuer of corporate bonds not admitted to trading aims to draw financing;
- e) analysis of the liquidity of the issue of corporate bonds not admitted to trading in relation to other securities issued by the same issuer.

These provisions do not apply if the corporate bonds not admitted to trading are issued by a company in which EVERGENT Investments holds at least 51% of the share capital..

- (j) **currency**, purchased on the internal market, freely convertible according to BNR criteria;
- (k) **government bonds**;
- (l) **property assets**, abiding by FSA regulations. Property assets are defined according to art .2 letter b) Law no. 243/2019, as an existent building whose completion is certified based on a reception protocol or a piece of land;
- (m) **greenhouse gas emission certificates**, as defined by art. 3 letter b) GO no. 780/2006 on setting the trading scheme of greenhouse effect gas, with its later amendments and additions;
- (n) **tangible and intangible assets** strictly necessary to carry out the activity.

Investments of EVERGENT Investments SA, diversified F.I.A.I.R., shall be made abiding by the following limitations:

- a) it cannot hold more than 10% of assets in securities and money market instruments issued by same issuer, with the exception of securities or money market instruments issued or guaranteed by a member state, local public authorities of the member state, a third state or international public bodies of which one or more member states are members. The 10% limit may be increased up to maximum 40%, provided that the total value of securities held by EVERGENT Investments in each of the issuers in which it holds holdings of up to 40% does not exceed 80% of its assets value;
- b) it cannot hold more than 50% of assets in securities and money market instruments issued by entities belonging to the same group defined under art. 2 letter j) Law no.243/2019, and in the case of the Group that the AIFM managing that particular AIF, this limit is 40%;
- c) the exposure to counterparty risk in a transaction with derivatives traded outside regulated markets cannot exceed 20% of the company's assets, irrespective of the counterparty of the transaction;
- d) the overall exposure to derivative financial instruments may not exceed the total value of the EVERGENT Investments' asset;
- e) the value of current accounts and cash abide by a maximum of 20% of company assets; the limit can be exceeded up to a maximum of 50%, provided that such amounts come from the issue of equity securities provided that such amounts come from the issue of equity securities, investments at maturity or the sale of financial instruments in the portfolio, and that exceeding be no longer than 90 days;
- f) cannot set up and hold bank deposits made with the same bank representing more than 30% of the company's assets;
- g) may not hold more than 20% of the company's assets in equity securities not admitted to trading on a trading venue or on a stock exchange in a third country, issued by a single F.I.A. for retail investors;
- h) may not hold more than 10% of the company's assets in equity securities not admitted to trading on a trading venue or on a stock exchange in a third country, issued by a single F.I.A. for professional investors;
- i) it may not hold over 50% of the company's assets in equity securities not admitted to trading within a trading venue or on a stock market from a third country, issued by other open-type AIFs. In case of the Group that the AIFM managing that AIF is part of, the holding limit is over 40% of the company's assets;
- j) it may not hold over 40% of the company's assets in equity securities issued by a single UCIT certified by FSA or a competent national authority from another member state, as

- well as in securities issued by a single collective placement body allowed for trading on a trading venue in Romania, another member state or a stock market from a third country;
- k) it may not grant loans of financial instruments representing more than 20% of the company's assets, the period of granting the loan may not exceed 12 calendar months, in accordance with the regulations issued by the F.S.A. on margin transactions and lending operations; the limit of 20% of the company's assets can be increased up to 30%, with the approval of the A.S.F., under the conditions established by the regulations of the F.S.A.;
 - l) EVERGENT Investments may not grant cash loans, may not participate/subscribe to syndicated loans, may not guarantee cash loans in favor of a third party, except for entities in the group to which EVERGENT Investments belongs within the limit of 10% of its assets. It may not purchase directly, partially or fully credit portfolios issued by internationally recognized financial institutions, credit institutions or non-banking financial institutions authorized by BNR or other central banks from a member state or third-party states;
 - m) It may not hold over 40% of the value of company assets in securities⁵, money market instruments not admitted to trading or on a third country stock market, with the exception of government titles and bonds issued by the Ministry of Public Finance, as well as holdings acquired by EVERGENT Investments, through the law, for which there is no holding limit set;
 - n) It may not hold over 20% of the company's assets value in shares issued by limited liability companies regulated by Companies Law no. 31/1990;
 - o) It may not hold over 10% of the company's assets in greenhouse gas effect certificates as defined by art. 3 letter b) GO no. 780/2006, with its later amendments and additions.

The management regularly examines the abidance by prudential limits and investment restrictions.

In case these limits are exceeded, with the exception of situations independent of its will, EVERGENT Investments SA is bound to return to the abidance by the legal requirements within 30 days from the date that particular limit is exceeded. The company is bound to inform the depositary of the assets and FSA within two work days, about the exceeding of the limits. The notification shall include the justification of the causes that have led to this situation and the plan of measures to return to the abidance by the legal requirements within 30 days from the infringement date.

The holders of shares issued by EVERGENT Investments shall be informed about the measures that will be taken in case these limits/restrictions are infringed through the Regular Activity Reports of the Board of Directors. The documents mentioned are displayed on the website of EVERGENT Investments, www.evergent.ro, in the Shareholding/ GMS and Regular Reports sections.

⁵ Law 24/2017. Art.2 item 50. securities – classes of financial instruments that can be negotiated on the capital market, with the exception of payment instruments, such as:

- a) shares issued by companies and other securities equivalent to shares issued by companies, as well as certificates of deposit supported by shares;
- b) bonds and other securitized debt securities, including certificates of deposit supported by such securities, any other securities that confer the right to buy or sell such securities or that lead to a cash settlement, established in relation to securities, currencies, interest or profit rates, commodities or other indices or units of measurement;

EVERGENT Investments SA's investment policy has the following *legal restrictions*:

- It may not exchange financial instruments for cash or other financial instruments in the portfolio of EVERGENT Investments SA / group companies and may not use free disposals of illiquid assets in its investment portfolio to investors ("redemption in kind"), according to art. 43 paragraph (2) of the FSA Regulation no. 7/2020.
- It cannot make short sales, defined according to the provisions of Regulation (EU) no. 236/2012 on short selling and certain aspects of credit risk swaps, than for the purpose of hedging risks, respectively hedging, according to art. 33 paragraph (1) of AIF
- does not invest in money market instruments such as commercial papers.

EVERGENT Investments will not invest in financial instruments of the total return swap type, within the meaning of the provisions of EU Regulation no. 2365/2015 on the transparency of financing operations through financial instruments and the transparency of reuse.

Information on the Investment Policy is provided to shareholders through the Annual Activity Program (approved by the Ordinary General Meeting of Shareholders), and the Regular Activity Reports of the Board of Directors provide information on how to implement the investment policy. The mentioned documents are displayed on the EVERGENT Investments website, www.evergent.ro, in the Shareholders / GMS and Regular Reports sections.

3. Geographic or Sectorial Division of Assets

EVERGENT Investments has a predominant exposure on the Romanian capital market, mainly in the banking and energy fields.

The strategic exposure on the two key sectors, energy-utilities and financial allow possible adjustments/issuer, total or in part, depending on the results of performance improvement techniques and yield/risk analysis.

The financial- banking sector which presents a real stabilization as credits are resumed continues to remain in EVERGENT Investments' attention.

Exposure on energy and utilities issuers take into consideration their ability to constantly and predictably generate dividends.

EVERGENT Investments has a mixed assignment of resources to the capital market at the same time with the implementation of some private equity type projects that will insure an added long-term return.

Private equity investments aim at a focused approach in the real estate and agribusiness sectors in which opportunities with medium-long-term growth potential are identified. In addition, opportunistic investments can be made in other areas of particular interest.

Indirect investments in the real-estate sector, through companies controlled by EVERGENT Investments target all branches- residential, office, industrial, commercial, etc. – either through the residential development of key properties in EVERGENT Investments' portfolio, or through new projects.

The private-equity approach involves a direct implication in entrepreneurial projects and leads to the increase of the profitability of managed assets, with the purpose of lowering magnitude

of negative evolutions on the capital market.

The private equity type investment policy through which control is gained over unlisted companies is in agreement with the investment strategy without being the main investment policy, within the legal and prudential risk limits of EVERGENT Investments.

The investment policy in unlisted companies is made abiding by the following applicable legal provisions:

1. reporting obligations: notification of FSA, the company and shareholders about the gain of control and notification of FSA about the unlisted company's vote rights weight every time that weight reaches or drops under 10%, 20%, 30%, 50% and 75%.
2. Communication to the controlled company and shareholders of: i) the policy for the prevention and management of conflicts of interest (especially between EVERGENT Investments and company); and ii) internal and external communication policy of the company, especially that concerning the employees.
3. Communication to FSA and investors of information regarding the purchase financing
4. Includes in the information from the annual report of the Company or EVERGENT Investments at least one fair analysis of the company's activity evolution to present the status at the end of the period included in the annual report.
5. Applies a high degree of diligence in the selection and monitoring of investments. The selection of projects takes into consideration the abidance by a set of conditions:
 - Abidance by the annual investment objectives and abidance by the performance/risk criteria (insuring a minim project IRR approved by the Board of Directors)
 - Abidance by the prudential limits of the investment policy, as defined by specific regulations.

4. The techniques it may use and all associated risks, as well as the circumstances when EVERGENT Investments may use the leverage effect.

The following specific analyses are used in the active management of the portfolio:

- Analysis of macroeconomic context and tendencies;
- Fundamental analysis based on the financial indicators that assess financial balance, debt degree, efficiency of assets use, financial performance state and the efficiency of management;
- Technical analysis and analysis of market conditions;
- Quantitative analysis based on historic trading data in order to determine certain statistic indicators;
- Permanent analysis of the liquidity degree of assets in the portfolio.

EVERGENT INVESTMENTS does not currently use technical tools for efficient portfolio management. However, the possibility of using such techniques in the future is not excluded, provided that applicable legal requirements and investment policy restrictions are abided by.

EVERGENT INVESTMENTS may use techniques and instruments related to securities and money market instruments, provided that they are used for the efficient and prudent management of its portfolio.

EVERGENT INVESTMENTS may also use techniques and tools designed to provide protection against currency risk and portfolio risk in the context of asset management. Such instruments

can be futures contracts, options, forwards, swaps, having different assets as support, the investments in these types of instruments being made with a precise purpose of hedging the risk and prudent management of the portfolio..

Detailed information can be found in the Prospectus of EVERGENT Investments SA, an alternative closed-end investment fund for retail investors, diversified - www.evergent.ro

Maximum level of leverage that can be used on behalf of the collective investment body

The maximum level of leverage that EVERGENT Investments SA can employ is 2 times the total value of the asset.

In the event that derivative financial instruments will be used, EVERGENT Investments makes sure that the global exposure to derivative financial instruments in its portfolio does not exceed the total value of assets.

Information on the value of leverage effect, calculated in accordance with the gross method and engagement method are notified as part of EVERGENT Investments' regular reports to investors, and at least at the same time with the issue and publication of the annual report.

Chapter 11. ASSETS MANAGEMENT

Implementation of an active management in the companies in the portfolio, increase of the degree of implication in the interest and benefit of EVERGENT Investments' shareholders

- *As an active shareholder we want to make sure that the members of the Board of Directors of the companies we invest in are aware of our vision and take into consideration the larger implications of their actions.*
- *We want to solve possible divergences amiably; nevertheless the interests of our shareholders to maximize results will always prevail.*
- *We promote a permanent collaboration relationship with the management bodies of the companies we invest in, as we want to share and promote the good experience of both parties and perspective vision. Direct meetings are also taken into consideration, not only a relationship through correspondence.*
- *We will periodically evaluate the performances of the councils of companies we invest in as well as their compliance to the best corporate governance practices.*
- *The vote option in the general meetings to which EVERGENT Investments participates as shareholder, are based on the abidance of the best practices of institutional investors.*

11.1. Increasing the performance of the active portfolio management

The practice of an active management in the companies in the portfolio, increase of the degree of involvement in adopting decisions in the interest and benefit of the shareholders of EVERGENT Investments is an important objective of the Board of Directors. The main purpose is to adopt those decisions that would lead to the development of company activity and maximizing profit.

The active management in the companies in the portfolio has materialized in:

- participation to the General Meetings of Shareholders;
 - presence of EVERGENT Investments' representatives in the Board of Directors;
 - use of legal instruments to protect or increase the value of participants
 - promotion/implementation of proper corporate governance rules: convening of GMS meetings with the legal notice, request to amend the agendas, request for answers to the questions for information transparency by providing the shareholders with the meetings documentation, in due time, according to applicable provisions, increase of the decision-making process efficiency, etc.
 - active monitoring of companies in the portfolio
 - dividend policy
1. In the process of monitoring issuers in the portfolio we follow:
 2. the analysis of quarterly, half-yearly/ annual financial statements, reports of directors, censors/auditors regarding them and the preparation of professional opinions and reports regarding assigned portfolio and registration of required information in the databases according to specific procedures.
 3. Analysis of the meeting materials and any other relevant information and preparation of suggestions regarding vote method, taking into account the strategic section that the issuer

is part of in order to identify the best representation solution with the purpose of protecting EVERGENT Investments' interests. Proposals are submitted for the approval of EVERGENT Investments' management.

4. Taking the necessary steps to obtain documents that are useful to monitor issuers' evolution and the effects of the implementation of GMS resolutions.
5. Insuring the registration of necessary information regarding the issuers in the portfolio in the integrated IT system.

Internal control mechanisms

EVERGENT Investments has developed internal control mechanisms that make sure that the assets managed by EVERGENT Investments are invested in accordance with legal provisions and rules in force.

Departments that are independent from other functions and activities have attributions related to EVERGENT Investments' investment activity, in accordance with legal rules and provisions in force and internal procedures:

- Compliance position - provides compliance endorsement for the justification of the investments, endorses the development of new strategies, investment practices, investments on new markets and new products;
- The risk management position:
 - Implements efficient risk management policies and procedures, for the identification, measurement and permanent monitoring of all relevant risks for EVERGENT Investments' policy that the company is or could be exposed to.
 - Monitors the risk limits set and makes sure that EVERGENT Investments' risk policy as notified to investors is abided by
 - Related to investment diligence: drafts risk analysis regarding the investing and disinvesting operations in or from financial instruments, according to the "Prior Verification when investment is made".
- Internal audit function – makes an independent and objective evaluation of the management processes for EVERGENT Investments' assets and of the corresponding risks, in order to offer assurance regarding the legitimacy, regularity, economic and efficient nature of the activities and operations run.

The materials are presented to the management structure (Board of Directors, executive management).

11.2. Strategies to exercise vote rights in companies in the portfolio

- a) EVERGENT Investments has set and applies policies and procedures regarding the moment and method of exercise for votes corresponding to instruments held in the managed portfolios. Strategies foresee measures and procedures for:
- b) The monitoring of relevant shares on companies level;
- c) Insurance of vote rights exercise in accordance with the objectives and investment policies of AIF in question;
- d) Prevention and management of any conflicts of interests that stem from vote rights exercise.

The exercise of shareholder attributions conferred by Companies Law no. 31/1990 and FSA

recommendations is made through representatives in the General Meetings of Shareholders.

EVERGENT Investments has set a procedure for its activity regarding the *exercise of EVERGENT Investments' shareholder attributions in the companies in its portfolio*, the procedure including the general framework for the operations concerning:

- 1) drafting of representation mandates entered between EVERGENT Investments as Representative and Represented or in the General Meeting of Shareholders;
- 2) main analysis elements of the convening notice for the general meetings – form aspects regarding lawfulness aspects, as well as fund aspects regarding the issues on the agenda from the point of view of the interest it presents to the company and shareholders;
- 3) preparing for GMS participation: analysis of the documentation and information provided to the shareholders and justification of the vote option
- 4) granting the representation mandate/ special/mandate / power of attorney, vote through correspondence form
- 5) participation to GMS – is made through any of the participation and representation forms and exercise of vote rights foreseen by the law in force.

EVERGENT Investments evaluates its vote right only following a conscious decision.

The implicit position is to vote “for” for the proposals of the board of directors of companies in the portfolio. Depending on the topics presented for discussion and real information and opportunity conditions for which the shareholders’ vote is required, following the analysis made by the specialized departments, our vote may be “abstain”, “against” or non-participation if the adoption of these positions are in EVERGENT Investments’ favor .

VOTE POLICY FOR THE COMPANIES IN THE PORTFOLIO

- In accordance with the best practices, EVERGENT Investments usually **supports** the suggestions of the companies’ managers regarding: the change of the name; change of headquarters; listing; setting of the venue and date for the annual general meeting; accepting/ approving the financial statements; approval of dividend payment; authorization of the transfer of reserves and income assignment; amendments to the individuals with signing authorization; approval of the bookkeeping methods; approval of work agreements; appointment of internal auditors.
- Regarding aspects related to the Board of Directors,, EVERGENT Investments usually takes into consideration the support of management. Nevertheless the vote against the management will be considered in case corporate performance has been weak.
- EVERGENT Investments will consider voting „**for**” cumulative vote – for the protection of minority shareholders; increase of share capital through reserve contribution; share buy-back programs in case all shareholders can participate under equal conditions; lowering of share capital following the annulment of bought-back shares.
- In case of voting for the following aspects, EVERGENT Investments shall make **case to case analysis**: capital operations for which there are the premises for affecting the interests of EVER, contracting loans and pledging / mortgaging the company's assets; issuing corporate bonds; merger or division of the company; conversion of shares from one category to another; conversion of one category of bonds into another category or into shares; amendments to the articles of association; establishment or cancellation of

secondary offices: branches, agencies, representatives or other such units without legal personality; asset sales; early dissolution of the company.

- EVERGENT Investments shall consider voting „**against**” the increase of share capital with contributions in kind; share capital increase without preference right for shareholders.

In case it is considered, based on the professional reasoning and taking into account the actual situation regarding that particular company, that the implication of shareholder EVERGENT Investments is not necessary due to a conjectural situation or the general policy interests of EVERGENT Investments in relation with companies classified on different categories, the proposal is to not attend the GMS and the information regarding the resolutions adopted and the conducting of GMS meeting will be obtained at a later date.

Examples that might justify the suggestion of not participating:

- Possible conflict of interest between EVERGENT Investments and the company;
- Lack of relevant information that allows the adoption of a decision regarding the operation submitted for approval;
- contradictory and unexplained information that may manipulate the will of shareholders;
- legal strategies to protect EVER interests.

11.3. Protecting EVERGENT Investments’ interests and assets through legal and out-of-court procedures

The legal assistance, consultancy and representation procedure is carried out by the Legal Department in agreement with EVERGENT Investments’ objectives with stress being laid on legal counsel, the solving of possible conflict amiably, and approach of alternate solutions to prevent and solve divergences.

The department is specialized, having attributions and responsibilities on specific activity categories. According to internal norms and procedures, the Legal Department insures the collection, registration, submittal of specific notifications and correspondence, the diligent representation in all cases where the company acts as party, as well as the technical-legal monitoring of the activities carried out by attorneys employed by EVERGENT Investments.

In the legal assistance, counsel and representation activity the corporate governance principles are abided by, and there is a constant concern for the initiation of all measures to protect the legitimate rights and interests of the company, at the same time with the insurance of a full and diligent information of shareholders regarding the status and solving method of litigations.

Liquidities management

EVERGENT Investments has defined a liquidities management and liquidity risk management policy in applying prudential risk management rules, taking into consideration the investment strategy and structure of managed assets.

EVERGENT Investments maintains an adequate level of liquidities for its support obligations, based on a evaluation of liquidities in relation with assets on the market taking into consideration the period of time required for liquidation and the price of value for which that assets can be liquidated, as well as their sensitivity to market risk or other market factors.

In EVERGENT Investments liquidities management rules are included in the internal work procedure regarding liquidities management.

Liquidity management and liquidity risk management are carried out taking into account the investment policy, the liquidity profile and the support obligations of the company. The company's support obligations are those relating to the payment of dividends and operating expenses.

Liquidities management involves the balance of fund fluxes over certain time intervals, so that, under normal conditions, the company has a comfortable position in meetings its pending obligations, especially during the dividend payment period.

In its operational activity EVERGENT Investments periodically carries out a forecast analysis of the cash-flows which grounds decisions regarding the optimum use of financial availabilities: payment of obligations, placements in monetary market instruments that meet internal requirements, investments; the cash flow is monitored on a daily basis (IT application).

At the same time EVERGENT Investments permanently monitors the cash flow profile of the assets portfolio, in order to determine the marginal contribution of each asset that might have a significant impact on liquidities. In case investments in assets with limited liquidity and other collective placement bodies, if the case be, the provisions of art.19-20 of R.231/2013 corroborated with the provisions of art 47 line R.231/2013 will be abided by.

The management of liquidity risk has the objective to maintain an optimum ratio between the actual liquidity and profitability objectives, abiding by prudential requirements.

EVERGENT Investments' method for the management of liquidity risk is detained in the internal procedure regarding the management of liquidity risk. The application area of this procedure includes the activity of the Risk Management Departments and interaction with other functional departments of the company for the identification, measurement, monitoring, reporting and control of liquidity risk, including the liquidity risk of the financial instruments portfolio.

The risk management position regularly carries out crisis simulations under normal and exceptional liquidity conditions to allow the evaluation of liquidity risk – presented in Chapter 3 “*Risk Management*”.

Chapter 12. DIVIDEND POLICY SHARE BUY-BACK

The priority of the dividend policy is the setting of a dividend level that insures a balance between the satisfaction of shareholders' expectations and the provision of liquidities for the average and long-term investment projects.

12.1. Dividend Policy

Recommended principle

EVERGENT Investments takes on a predictable dividend policy.

Given the volatility of the capital markets, the Board of Directors aims to find a balance between the need to insure resources to support investment programs to be developed, the expectations of shareholders on the short term, namely dividend distributions, and the expectations of shareholders on the long term, namely NAV and price increase. The Board of Directors intends to remunerate shareholders both through cash dividends and the running of redemption programs through Public Offerings (PO). We consider that the mix of policies that includes dividends assignment and the possibility to subscribe to POs offers a higher yield than that of classical dividend distribution, remunerating invested capital at a level higher than the yields offered by monetary placements. *(excerpt from EVERGENT Investments' Investment Strategy and Policy)*

The dividend policy will permanently reflect the context of the economic environment and will consider a target yield in line with market evolution. We are aiming to increase investment effort, as a source of future yields and suggest a balance between the dividend policy and the insurance of resources for investment programs.

EVERGENT Investments manages **the dividend distribution and payment process**, abiding by legal deadlines through the setting of some payment methods that insure a high payment degree, for this purpose we mention that:

- (1) each year EVERGENT Investments repeatedly announces its shareholders (through notifications, GMS materials, specialized operators), regarding the dividend payment deadline, the payment action being run over the entire financial year;
- (2) through the payment methods used we try to constantly insure a high payment percentage, under allowed market conditions as per applicable regulations: payment through central depository, participants and a payment agent- financial institution appointed by the issuer. The contracting of the payment agent following a selection processes with the main criteria of insuring a large availability, corresponding to the shareholding structure on that date (natural/legal, resident/non-resident, rural/ urban) and obtaining lower distribution costs for the shareholders (as per GMS resolutions the distribution commissions are borne by the shareholders);
- (3) the payment deadline abides by the legal term, namely *Payment date*, approved by the general meeting of shareholders.

Every year dividends are distributed for the financial year ended with non-distributed dividends of the previous two financial years. At the end of 3 years, in accordance with the legal provisions concerning the extinctive prescription, the Board of directors annually informs the shareholders on the fulfillment of the **prescription term**, of the right to require the

payment of the dividends due and unclaimed for 3 years and proposes to the balance general meeting, their entry to “other income”.

The dividend policy provides the possibility of adoption by each shareholder of the **investment decision** concerning the framing of SIF2 share in the portfolio of short, medium and long-term holdings.

12.2. Redemption of shares

Recommended principles regarding own shares - *If the shares are traded at a substantial discount to the NAV, for a period longer than 1 year, the Board shall take measures such as: increasing transparency, improving communication, marketing policies, share redemption programs, etc.*

The Board of Directors is considering submitting for approval of shareholders the redemption of own shares, followed by the reduction of share capital in order to reduce or lower the discount price / NAV per share. **The measure is beneficial for all shareholders**

Redemption operations will be run abiding by the legal limits foreseen by EU Regulation no. 596/2014, delegated EU regulation no. 1052/2016, Law no. 297/2004, Law no. 31/1990 and will abide by the general limitations approved by the shareholders.

The purchase of shares within the Program will be done using any market operations allowed by the law that can also include public buyback offers initiated by the Company abiding by legal provisions.

Delegated EU regulation 1052/2016 regulates the method of implementation buyback program, restrictions and limitations regarding trading as well as publishing and reporting obligations.

The **sources** necessary to finance the buyback operations are from the assignable profit or available resources of the company, entered on the latest approved annual financial statement, with the exception of legal reserves, according to the provisions of art. 103¹ of Law no. 31/1990, updated.

The main objectives of the buyback operations for own shares, with the reduction of the share capital are:

- increase of unitary assets and profit per share, as well as the lowering of net asset – trading price discount
- increase of share’s liquidity
- increase of shareholders’ yields base on the possible support of market stock quote increase
- increase of the share capital holding weight for existent shareholders.

We think that running a buyback program with the reduction of the share capital is advantageous for both company and shareholders irrespective whether these choose to maintain their shareholder quality or opt to sell their holdings.-

At the same time, the Board of Directors of EVERGENT Investments considers buyback programs for the assignment of shares to employees (legally allowed objective) in relation to performance indicators of SIF 2 share performance, with the evolutions of the economic environment and capital market as well as other factors that can determine such a decision.

Mentions regarding “substantial discount”: the difference between share price and in NAV (unitary net assets value) higher than 25%.

In case of EVERGENT Investments, self-managed investment company, the responsibility for the published NAV is that of the Board of Directors.

The assets evaluation method is regulated by FSA and certified by the depository of the assets SIF has entered a contract with (at present BRD). There are internal working procedures in EVERGENT Investments with explicit attributions and responsibilities regarding net assets calculation.

Chapter 13. ASSESSMENT OF THE PERFORMANCE OF THE COMPANY AND EVER SHARE

EVERGENT Investments presents its shareholders and investors, in its regular activity reports, the relevant specific indicators that allow the assessment of the company and EVER share performance

Principles recommended by EFAMA⁶

- 1. Performance presentation provided to investors should be in a transparent manner.*
- 2. Sufficient information must be disclosed to indicate the level of risk associated with the investment made in the company's shares.*
- 3. Each investment asset and the annual earnings exposure to the main markets for each financial year-end must be presented upon request.*

The management of EVERGENT Investments presents in its quarterly activity report, the main analysis indicators for the evaluation of the company's performance:

Liquidity indicators - through the analysis of liquidity indicators there can be determined the company's ability to meet, at some point, the payment obligations assumed on behalf of current assets. The term liquidity indicates the ability of an asset to be converted into cash with a minimum loss of value.

- Current liquidity indicator
- Immediate liquidity indicator

Activity Indicators – activity indicators reveal the efficiency with which the company will use its assets.

- Rotation speed of fixed assets
- Rotation speed of total assets
- Rotation speed of flows/clients

Profitability Indicators - profitability indicators reflect the efficiency of the activities carried out by a company, which is its ability to generate profit from available resources

- Employed capital profitability)
- Earnings per basic share (lei/share)

Return indicators (within the activity sector)

- Return on assets - ROA.
- Return on equity ROE

Performance indicators for EVER shares

⁶ EFAMA – representative association of investment funds industry in Europe – presents the evolution of net assets and net asset flows for each country, on a monthly basis.

- a) Net asset unit value (lei)
- b) Net asset
- c) Gross dividend/share (lei)
Dividends return % - dividend variation dynamics from year to year Price /share;
price/share evolution from year to year
- d) Bonus / discount
- e) Capitalization
- f) Financial efficiency rate
- g) Earnings /share
- h) PER

The value of EVERGENT Investments share reflects in its price a component given by the market conjuncture and another based on the feelings that investors have in the company's growth potential. Since market conditions cannot be influenced, there remain only the feelings conveyed by the company through the actions leading to financial performance to determine the increase of the shareholding's confidence EVER share and in the company's management and investment strategy. The increase of the degree of confidence in the share implicitly causes an increase in the degree of attractiveness of the share and, implicitly, in its market value.

Quarterly reports show the detailed situation of the assets managed by EVERGENT Investments, valued in accordance with the applicable legal regulations.

On a monthly basis, through the net assets report, investors get a sense of the evolution of holdings in the portfolio, evaluated and reflected in net asset at values set in accordance with regulations in force and good practices of the International Valuation Standards applied.

EVERGENT Investments' shareholders are informed on a monthly basis, through the **newsletter**, both on the evolution, return and risk of EVER share individually and in comparison to BET-FI sectorial index, and the structural evolution of the portfolio and main investment projects.

Chapter 14. POLICIES IN THE FIELD OF HUMAN RESSOURCES REMUNERATION POLICY

EVERGENT Investments pays particular attention to the human resource and ensures the continuity of training programs for the maintenance of the experience gained during several years of specialization or for the development of new valences, necessary in increasing the company's performance.

A. Policies in the field of human resources

The training of staff various fields of activity (investment consultant, assessor, auditor, technical expert, etc.) has the role of ensuring the growth of the company's reaction capacity to the effects of the prolonged financial crisis, an essential process in the substantiation of decisions in conditions of uncertainty (fundamental analysis, technical analysis, macroeconomics, etc.) and in the field of conformity (internal audit, internal control). Staff training is a continuous process and is accomplished in collaboration with consultants and experts working on the domestic and international capital market.

Code of Ethics and Conduct

Within EVERGENT Investments there is a **Code of Ethics and Conduct** that defines the **basic values of the company** and is the basis of a corporate culture in accordance with the law, focused on ethical principles.

The provisions of the **Code of Ethics and Conduct** are applied and should be abided by all employees of EVERGENT Investments. At the same time, all third parties who act on behalf of or in the name of EVERGENT Investments should abide by the provisions of the Code of Ethics and Conduct. Here are some of the basic values of the Code of Ethics and Conduct:

- Mutual respect, honesty and integrity
 - We respect the others' opinions their dignity, the right to personal image and the protection of personal information.
 - We do not tolerate any form of discrimination or harassment on account of nationality, culture, religion, sex, age or physical disability.
 - We do not tolerate abuse, threats, or physical intimidation or verbal pressures.
 - The employment, promotion and evaluation of employees are based solely on the criteria of performance.
- Request, offer and acceptance of advantages

We do not accept and we do not grant any advantage which does not correspond to the principles of the Code of Conduct. The employees and people who work for EVERGENT Investments do not offer amounts of money to public officials or any other persons, to obtain or accelerate the services provided by such persons, to which there is a legal right. Exceptions are allowed only in case of legal interests that are legally protected, such as the situations in which life or integrity is in danger and if the only way of removing this danger is by making such payment
- Fair competition;
 - EVERGENT Investments applies the integrity requirement in market competition;

- EVERGENT Investments observes the rules of a fair competition and the market behavior rules stipulated by the national and international regulations; we must not engage verbally in any unacceptable situation.

A. Remuneration Policy

The Board of Directors of EVERGENT Investments has set the remuneration policy of the management structure, submitted for the approval of the General Shareholders' Meeting and that of the employees, with the abidance by international principles in the activity sector specific for financial investment companies – „ Directive regarding Alternative Investment Fund Managers” (DAFIA), in compliance with “ ESMA Guide on solid remuneration policies in compliance with DAFIA” issued to insure the common, uniform and coherent application of provisions regarding remuneration from art. 13 and art. 22 line (2) letters (e) and (f) of DAFIA and in Annex II to it, and the provisions of EVERGENT Investments' Memorandum of Association”.

The remuneration policy is applied to the staff on all levels of the organizational structure of the company and represents the framework for the remuneration policies for EVERGENT Investments Group. Variable remuneration for the companies that run new investment projects, can be offered until these become profitable, if this offer is sustainable from the point of view of the entity's financial status and justified by the performance of the project stage, evaluated in a multiannual framework specific for the investment. The results of the evaluation and remuneration level are approved by EVERGENT Investments' executive management, with the recommendation of the Appointing –Remuneration Committee.

1. Responsibilities in the drafting and management of the remuneration policy

The Board of Directors has as basic attribution, in accordance with stator provisions “the analysis and setting of the remuneration policy so that it corresponds to the business strategy, objectives and long-term interests and includes measures to prevent the occurrence of conflicts of interest”.

EVERGENT Investments, as company listed on the regulated market, with the obligation of implementing corporate governance principles, has setup an Appointing committee – consultative committee of the Board of Directors comprised of non- executive members.

The Appointing Committee is responsible for the management of the remuneration and appointing policy: It:

- (a) analyses and makes sure that the remuneration principles and policies of the management body correspond to the business strategy, objectives, value and long term interests of EVERGENT Investments and for this purpose analyses and approves the remuneration policy:
 - endorses, before the approval by the board of Directors, and monitors the abidance by the remuneration policy for directors, executive managers and employees of the company, drafted and applied by the company's executive management;
- (b) in case it identifies irregularities in the preparation or application of the remuneration policy, the members of the Committee immediately inform the executive management in writing about the situations ascertains and follow-up their remedy, consequently informing the members of the Board of Directors; executive management is bound to

submit a written answer to the Committee within 3 work days from the date the intimation is received and it will in its turn inform the members of the Board of Directors. In case executive management refuses or unjustifiably postpones the application of the modifications requested by the Committee, the Board of Directors is bound to submit FSA an report on the infringements identified in EVERGENT Investments' remuneration policy. The report is submitted within 10 work days from the date of the written notification sent by the Appointing-Remuneration Committee;

- (c) is responsible for preparing decisions regarding remuneration;
- (d) directly supervises the remuneration of staff holding management and control positions;
- (e) annually examines general principles of the remuneration policy and informs the board of directors regarding their applications, insures an independent internal evaluation of the abidance by the remuneration policy.

Control functions within the company have an active role in the drafting and verification of remuneration policy implementation, through:

- (a) drafting, continuous monitoring and examination of remuneration policies for other activity fields;
- (b) closely collaborating with the remuneration department *control positions* contribute to the setting of the general remuneration strategies applicable to AIFM, targeting the promotion of an efficient risk management;
- (c) *the risk management position* must evaluate the way in which the variable remuneration structure affects the risk profile of the company;
- (d) *the compliance position* must analyze the way in which remuneration structure affects the abidance of AIFM by the law, internal regulations and policies;
- (e) *the internal audit function* must periodically carry out an independent audit of the drafting application and effects of AIFM remuneration policies.

2. Remuneration principles

Comply with legal regulations in force applicable for AIFM and are included in the Memorandum of Association:

- (a) the remuneration policy is aligned to the company's strategy and is compatible with the investment policy and risk policy, the values and long-term objectives of the Company.
- (b) The remuneration of the managers, directors and employees of the Company includes a fix and a variable component.
- (c) There is an adequate balance between the fixed and variable component, the fixed component holding a sufficiently high percentage of total remuneration to allow the application of a flexible policy regarding the variable components of remuneration. The Benefit Plan for the leaders and employees is granted in shares or option to purchase company shares as well. At least 50% of variable remuneration shall consist in shares or option to purchase shares through Stock Option Plan type programs, abiding by legal regulations in force.
- (d) Variable remuneration is granted depending on the attainment of collective and individual objectives, the implementation of projects by the company and prudential management of operational risks.

The implementation of the remuneration policy within the company and within the

EVERGENT Investments group insures:

- (a) the performance of the managerial action on the long-term;
- (b) alignment with the interests of shareholders with the simultaneous prudent management of risks;
- (c) the drawing in of the best professionals;
- (d) reward levels correlated with responsibilities;
- (e) transparency for investors.

3. Identification of the staff categories whose professional activities have a significant impact on the risk profile

The staff categories, whose professional activities have a significant impact on risk profile, are:

- (a) *Individuals from the management structure*: executive managers, directors;
- (b) *Individuals holding key or control positions*: compliance officers, employees of the risk management department, employees of the internal audit departments, individuals appointed for the application of Law no. 129/2019 for the prevention and fight against money laundering and the financing of terrorism and GEO no. 202/2008 on the application of international sanctions;
- (c) *Coordinators of functional departments*.

Remuneration structure for various staff categories includes:

- (a) The fixed component, determined by the level of responsibility taken on and/or assigned through a resolution of the management body; fixed remuneration shall be sufficiently large to cover the professional services delivered, depending on the level of studies, the competence level and abilities required, professional experience;
- (b) Variable remuneration, comprised of the annual benefits plan and quarterly bonuses;
- (c) The benefits plan is granted depending on the reach of collective and individual performance objectives, the implementation by the entity of projects and prudential management of operational risks. At the same time, the provisions of the Memorandum of Association and Collective Employment Contract applicable foresee the possibility and not the obligation of the company to grant the Benefit Plan;
- (d) There is a proper balance between the fixed and variable part of total remuneration, the fixed component having sufficiently large weight of total remuneration to allow the application of a flexible policy regarding the variable part of remuneration.

In EVERGENT Investments positions are classified on 3 lines of activity:

- (a) *Business activity* – the activity of assets portfolio management
- (b) *Control activity* – activities specific for the compliance, risk management, internal audit functions
- (c) *Support activity* – other management activities.

EVERGENT Investments' remuneration policy regarding the benefits plan, depending on the classification on activity line and on the complexity of the position held is:

- (a) The benefit plan for the Business and Support Activities functions is profit-share, by reference to the company's financial performance and provided that the performance indicators set for each department are reached;
- (b) The benefit plan for the Control function is in the form of bonuses (a number of additional wages), by reference to the fulfillment of the objectives of the job or activity, independent from the company's financial performance – provided that the performance indicators set for these functions are reached;

- (c) As long-term strategy for the remuneration policies, in agreement with AIFM legislation the granting of benefits shall be harmonized, whereas at least 50% shall be granted as shares, through Stock Option Plan programs.

On individual level professional competencies are assessed annually both from the quality and quantity point of view, based on criteria entered in the Collective Employment Contract and Individual Employment Contracts, in accordance with the specific internal procedure.

The benefits plan is granted based on the result of the professional performance evaluation, using quantitative and qualitative assessment criteria, set as follows:

- For directors – according to the provisions of the Memorandum of Association, Directors’ Agreement approved by the General Meeting of Shareholders;
- For executive managers - according to the provisions of the Memorandum of Association, Management Agreements approved by the General Meeting of Shareholders and resolution of the Board of Directors;
- For employees- according to the provisions of the Collective Employment contract and individual employment contract, the criteria being usually set annually.

Measures are set to insure the identification and management of risks that may occur when setting individual indicators, objectives or remuneration value set based on performance reported to the way the individuals covering various positions carry out their activities, especially regarding the activity of the business and control functions.

The benefits plan shall not be granted in case of a net negative result, indicator comprised of the net profit obtained and net gain from transactions reflected in retained earnings.

Remuneration of control functions: the remuneration level of staff with *control positions* should allow EVERGENT Investments to employ qualified and experienced staff for these positions.

- (a) The benefits plan for the staff holding *control positions* should be based on objectives that are specific for the function and should not be set exclusively based on performance criteria on AIFM level;
- (b) Remuneration of individuals holding *risk management and compliance insurance* position is directly supervised by the Appointing-Remuneration Committee;
- (c) Individuals who cover control functions/key positions are assessed regarding the fulfillment and maintaining for the entire duration of their activities, of the requirements concerning professional competence and experience, integrity and good reputation and governance, in accordance with applicable legal regulations (FSA Regulation no. 1/2019).

4. Remuneration by shares

Granting benefits as shares can also be achieved through Stock Option Plan (SOP) programs approved by the shareholders, with the following characteristics:

- (a) distribution of free “SIF2” to managers, administrators or employees of EVERGENT Investments, the source being the shares bought-back by the Company
- (b) for managers and directors, the assignment criteria are set in agreement with the provisions of the Memorandum of Association and administration and management contracts.
- (c) for employees, the Board of Directors will set criteria for the identification of SOP recipients, the number of shares that are to be offered to each category of beneficiaries, in agreement with the provisions of the Memorandum of Association, Collective Employment Contract and AIFM law.

5. Remuneration of the directors and executive managers of the company. Shareholders' involvement

In accordance with the provisions of Companies' Law no. 31/1990, art. 153¹⁸, the remuneration of the members of the Board of Directors and general limits of additional remunerations for the members of the board of directors tasked with specific functions within this body and the remuneration of executive managers are set through the Memorandum of Association, approved by the General Meeting of Shareholders:

“ Art. 7. The Board of Directors

(11) The annual general limits of remunerations and bonuses for all the directors, including the supplementary remunerations of the directors in charge of specific duties, as well as of the directors, amount to 0.6% of the average total asset value of the previous year, calculated and reported in compliance with the legal provisions.

Included in the general limits, the monthly remuneration for all the members of the board of directors is at the level of 0.015% of the average total asset value of the previous year, equally divided. The directors and managers participate in the benefit plan, inclusively paid by share allocation or option allocation to acquire company shares, amounting to 5% of the realized net profit and net revenue from transactions reflected in retained earnings. The actual level of this participation is established by the board of directors, after the approval of the annual financial statements in the General Meeting of Shareholders.”

The ordinary general meeting of shareholders approves the Remuneration Policy for the company leaders (members of the Board of Directors and executive managers), on every significant modification, and in any case, at least once every 4 years.

Detailed information can be found in the Remuneration Policy approved by GMS on 28.01.2021: www.evergent.ro.

6. Communication of Remunerations

The annual activity reports of the board of directors include information regarding total remuneration for the financial year, benefits paid to managers and employees and bonus programs to encourage the keeping of employees in the company.

At the same time, the Company drafts a remuneration report that presents information regarding remuneration, including benefits granted or owed over the latest financial year to directors and executive managers, including the newly recruited ones and former directors and executive managers, in accordance with the remuneration policy and legal requirements.

The remuneration report of the most recent financial year is submitted for vote in the annual ordinary general meeting of shareholders, the opinion of the shareholders regarding the remuneration report resulted following the vote being consultative in nature. The Company shall explain in the following remuneration report the way in which the shareholders' points of view and their vote regarding the remuneration policy were taken into account.

Chapter 15. RESTRUCTURE PROCESS. REORGANIZATION OF THE COMPANY

The Board of Directors constantly focuses on the optimization of the organizational structure in order to insure the active and performing management of the portfolio.

EVERGENT Investments has defined an internal compliance policy that is a complex program including regulatory activities, risk management, substantiation of investment decision, staff training and continuous adaptation of the **organizational structure** for streamlining and increasing the efficiency of the decision-making process.

The optimization process targets **the harmonization of the organizational structure with the developments in the environment in which the company operates** and aims **to use the expertise of personnel in terms of the quality of decisions and speedy decision-making**.

In this continuous process the Board of Directors analyses the opportunity to adopt measures relating to:

- reconfiguration/optimization of the organizational structure and decisional flows;
- establishment of hierarchical structures/levels and responsibilities of departments;
- integration of certain activities/operations for shortening the business cycle analysis-decision-implementation business cycle ;
- the increase of the expertise levels through the establishment of consultative committees within the Board of Directors.
- standardizing the activities using an integrated IT system as support

The restructure programs target, in parallel, both **the optimum sizing of staff** given the objectives and performance of the organization and **cost optimization**, that is the abidance by the ranges accepted in the specific sector.

The decisions adopted in the restructuring/reorganization plan of the activity are notified to shareholders, their feedback being important in shaping the directions for action in terms of staff policy and the structure of the organization.

Memorandum of Association

The revision of the Memorandum of Associations– is a constant concern of the Board of Directors for the purpose of harmonizing its provisions with the applicable legislation.

Since the improvement of corporate governance in EVERGENT Investments has been defined as a strategic priority, the revision of the Memorandum of Association is one of its main projects.

The Board of Directors annually assess, before the General Shareholder’s meeting, the environment in which the activity is carried out, the macroeconomic context and other aspects that might influence the company’s performances and analyze the opportunity of suggesting for the agenda of GMS, some resolutions regarding the modification of the Memorandum of Association.

In justifying the opportunity to convene the GMS with the proposal to modify the Memorandum of Association, the following aspects will be taken into account:

1. *the recorded evolution of shareholding structure*, opinions expressed by shareholders during the general meetings of shareholders, during bilateral work meetings or during events with international participation;
2. *the shareholding consultation policy* through the General Meetings of Shareholders;
3. *implementation of the recommendations in community aquis*, FSA, and BVB regarding the

corporate management principles, principles that must be abided by through the harmonization of the Memorandum of Association provisions, with those of the applicable law;

The memorandum of association of EVERGENT Investments foresees under art 19 – “Final provisions” as follows: *“The present Memorandum of Association is completed with the legal provisions and regulations applicable for companies- common law - and with the legal provisions of financial investment companies”*.

4. *the harmonization* with the best practices in the field as well as providing the framework for the operational implementation of legislative changes at national and international levels.

The Board of Directors takes note that the proposals to revise the Memorandum of Association lead to: the implementation of the highest standards of corporate governance, ensuring flexibility in decision-making within GMS and the avoidance of decision-making blockages, the delegation of competences from GMS to the Board of Directors - in order to increase the efficiency of the implementation of corporate operations essential to the company, providing the framework for an effective and active communication with shareholders, ensuring the functioning of the Board as a collective body, based on accurate and complete information, the adoption of clear and transparent corporate governance structures, a.o.

The modification of the Memorandum of Association has the following objectives: clarity and simplicity, implementation of the best corporate governance standards, transparency, elimination of all unjustified barriers in the exercise of shareholders’ rights, the result targeted being the creation of a modern and flexible Memorandum of Association.

Management System

In agreement with the provisions of the Memorandum of Associations, EVERGENT Investments is managed in unitary system. EVERGENT Investments, in compliance with the provisions of art. 153 Companies’ Law 31/1990 may decide, through a resolution of the general extraordinary meeting of shareholders, to pass to a dualist system in which it would be managed by a directorate and a supervisory board. The dualist management system is regulated by Companies’ Law.

At present, the Board of Directors thinks that the unitary management system is adequate for the organization and functioning of EVERGENT Investments

In case a dualist management system would be suggested, the executive managers will inform the shareholders and market regarding the reasons for such a suggestion, as well as regarding the way in which the Code will be applied to the new management and control system.

In case a dualist management and control is adopted the articles of the Corporate Governance code are applied to the extent that they are compatible, adapting the individual provisions to the specific system adopted, being consequent with the objectives of a good corporate governance with information transparency as according to the Code in light of the criteria foreseen in the present article.

In the first Corporate Governance report published after the modification of the management and control system, EVERGENT Investments will describe in detail the way in which the Code has been applied to such a system. This information will also be published in later reports, indicating any modifications brought to the procedure followed in the application of the Code to the selected management and selected control system.

Management of operating and management expenses

The Board of Directors aims to permanently have management expenses included in the commission range paid by management companies to investment funds (0,10% - 0,50% of total assets value)

In the structure of management expenses, an important part is represented by **expenses with commissions and fees imposed on the company.**

In EVERGENT Investments' case – FSA regulated entity as AIFM and AIF, and BVB listed issuer, this category includes: commissions and fees owed to FSA, depositary company, registry company, BVB, external auditor.

Expenses vary depending on the value of the monthly net assets, the number of shareholder's general meetings carried out, as well as the range of services delivered by the independent auditor, according to applicable regulations (audit: individual and consolidated financial statements, significant transactions entered with related parties, etc.)

The value of expenses with commission cannot be optimized through internal decisions which directly influence performance indicators.

Management expenses also include some expenses with outsourced services or expenses with taxes corresponding to property held, as well as expenses with legal services for the recovery of certain receivables.

In the regular activity reports, the Board of directors informs investors about the level of management expenses and its position in relation to the level of commissions paid by management companies to pension funds.

Chapter 16. SOCIAL RESPONSIBILITY

The Company contributes to the support of scientific, cultural, sporting, medical educational, environmental events, local or national interest events.

EVERGENT Investments permanently carries out activities regarding the social responsibility of the company, supporting each year, either directly or indirectly through specialized foundations and associations the challenged categories in the community where it carries out its activity or supporting scientific, sporting, medical, educational, environmental activities and events of local or national interest.

EVERGENT Investments uses its tax facilities that can be destined for sponsorship/ patronage actions in various fields: cultural, artistic, educational, scientific, social, environmental protection, protection of human rights and other destinations allowed by the law.

In this context EVERGENT Investments promotes its own values: „**transparency, quality, performance**” and the company logo while publishing its actions in the social responsibility field on the company’s website www.evergent.ro.

Chapter 17. PERSONAL DATA PROCESSING POLICY

EVERGENT Investments is a personal data operator, and in its relationship with certain contract partners acts as authorized entity. The company holds the records of the personal data processing activity through a data registry in accordance with the provisions of art. 30 EU Regulation no. 679/2016.

17.1. Data protection responsible

In agreement with the provisions of article 37 of the Regulation, the Company has assigned a data protection responsible under contract (2362/07.05.2018). The company makes sure that the data protection responsible is involved in all aspects related to the protection of personal data in a proper manner and in due time. EVERGENT Investments supports the data protection responsible in fulfilling his tasks providing him with all resources necessary to fulfill these tasks, regarding the access of personal data and processing operations. The Company makes sure that the data protection responsible receives no instructions regarding to the fulfillment of tasks. He is not dismissed or sanctioned by the Company for fulfilling his tasks. The data protection responsible is directly responsible before the highest level of management. Target individuals may contact the data protection responsible regarding all legal issues related to the processing of their data and the exercise of their rights based on the Regulation. The data protection responsible is bound to keep the secrecy or confidentiality regarding the fulfillment of his tasks, in accordance with Union and internal law.

17.2. The data protection responsible has at least the following tasks:

- (a) Notification of the company, as well as of the employees tasked with the processing about the obligations they are bound by based on the Regulation and policy and other provisions of Union right or internal right on data protection;
- (b) Monitoring of the abidance by the Regulation, other provisions of Union law or internal right regarding data protection and policies of the Company related to the protection of

- personal data, including the assignment of responsibilities action to raise awareness and train the staff involved in processing operations, as well as corresponding audits;
- (c) Provision of counseling by request, regarding the evaluation of the impact on data protection and monitoring of its functions;
 - (d) Cooperation with the supervision authority;
 - (e) Undertaking the contact role with the supervision authority regarding aspects related to data processing as well as consultation for any other matters.

Chapter 18. POLICY ON PREVENTING MONEY LAUNDERING AND THE FINANCING OF TERRORISM

EVERGENT Investments has created procedures for the activities run within the Company for the prevention and fight against money laundering and the financing of terrorist acts in its relationships with the clients, these being implemented in accordance with Law no. 129/2019 and legislation in the field. The policies and procedures for the prevention and fight against money laundering and the financing of terrorist acts are approved by the CEO; the independent audit function (financial or internal auditor) – regularly tests the efficiency of the policies, internal norms, mechanisms, IT systems and risk management procedures, including risk evaluation and methodology for their implementation and update.

The compliance officer ML/FT and authorized individuals ML/FT are appointed by the Board of Directors / executive management, abiding by legal requirements. ML/FT compliance officer is directly subordinate to the Board of Directors.

ML/FT compliance officer and ML/FT responsible individuals answer for the fulfillment of obligations set by special law in the field, including the reports to ONPSB and FSA, if necessary.

Chapter 19. CODE REVISION

The Corporate Governance Code shall be revised by the Board of Directors whenever necessary.

Claudiu Doros

CEO