



**Evergent**  
INVESTMENTS S.A.

Drive for  
performance

**POLICY ON TRANSACTIONS WITH AFFILIATED PARTIES**

## I. Purpose

The purpose of this policy („The Policy”) is to present the process carried out by EVERGENT Investments („The Company”) to identify, manage and report transactions with affiliated parties, to ensure abidance by the transparency and reporting requirements applicable to issuers admitted to trading on a regulated market.

## II. Legal framework

- **The requirements of the financial reporting framework (IFRS):** the company shall draft the financial statements in compliance with the accounting Regulations compliant with the International Financial Reporting Standards (IFRS) applicable to authorized entities, regulated and supervised by the Financial Supervision Authority from the Financial Investments and Instruments Sector, approved by Financial Supervision Authority Norm no. 39/2015, which foresees the transaction presentation with affiliated parties in compliance with IAS 24 “Transactions with affiliated parties”.
- **The requirements of the Romanian stock market legislation:** a company whose shares are traded on a regulated market must abide by the following provisions, with respect to managing and reporting transactions with affiliated parties:
  - Law no. 24/2017 on the issuers of financial instruments and market operations;
  - FSA Regulation no. 5/2018 on the issuers of financial instruments and market operations;
  - The Corporate Governance Code of the Bucharest Stock Exchange;
  - (EC) Regulation no. 1606/2002 on the implementation of international accounting standards (IFRS).

*In compliance with Law no. 24/2017, article 94 and FSA Regulation no. 5/2018, “affiliated parties” gather their meaning from the IFRS provisions, which means that the IAS 24 provisions “Transactions with affiliated parties” must be considered.*

## III. Relevant definitions (according to IAS 24)

**An affiliated party** is an individual or entity that is in close relations with the entity drafting its financial statements (“*reporting entity*” as defined in the current standard).

- (a) An individual or a close member of the individual’s family is affiliated to a reporting entity if the individual:
- (i) holds control or common control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a part of the reporting entity’s key management staff or the management of a parent company of the reporting entity.

- (b) An entity is affiliated with a reporting entity if it meets any of the following conditions:
- (i) the entity and the reporting entity are a part of the same group (which means that each parent company, subsidiary or subsidiary member of the same group, is affiliated with the other entities);
  - (ii) an entity is an associate or a joint venture of the other entity (or an associate or a joint venture of an entity that is a member of a group that the other entity is a part of);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) an entity is a joint venture of a third party, while the other entity is an associate of the third party;
  - (v) the entity is a post-employment benefit plan for the benefit of the reporting entity's employees or of an entity affiliated with a reporting entity. If the reporting entity itself is such a plan, the employers that finance the plan are also affiliated with the reporting entity;
  - (vi) the entity is controlled or commonly controlled by an individual defined in letter (a);
  - (vii) an individual identified in letter (a) item (i) has significant influence over the entity or is a part of the entity's key management staff (or within the management of an entity's parent company);
  - (viii) the entity or any member of a group that it is a part of shall provide the reporting entity or the reporting entity's parent company with services related to that entity's key management staff.

***A transaction with an affiliated party*** is a transfer of resources, services or obligations between a reporting entity and an affiliated party, regardless of if a price is billed or not.

***Members close to the individual's family*** are those family members that would be able to influence or be influenced by said individual with respect to their rapport with the entity. Among these are:

- (a) children, spouse or life partner of said individual;
- (b) said individual's spouse's/life partner's children; and
- (c) individuals under said individual's or their spouse's/life partner's care.

***The entity's key management staff*** are the individuals holding the authority and responsibility to plan, lead and control the entity's activity directly or indirectly, including any director (executive or not) of the entity.

The terms "*control*", "*common control*" and "*significant influence*" shall have their meaning and content mentioned in the International Reporting Standards IFRS 10, IFRS 11 and IAS 28.

#### **IV. Identifying affiliate parties and the transactions with affiliated parties**

Identifying EVERGENT Investments' affiliated parties is done by referring to the above-mentioned IAS 24 provisions.

The main categories of affiliated parties are:

1. Individuals: members of the Company's key management staff (e.g. members of executive management and the Company's Board of Directors) and members that are close to their family, *if applicable* the individuals holding control or common control and other individuals with significant influence on the Company.
2. Legal entities and entities without legal status: subsidiaries, associates or, if applicable, joint ventures with the Company, controlled or commonly controlled entities by individuals identified as affiliates and entities over which these individuals have significant influence or those who are part of key management staff.

In order to identify affiliated parties, the key management staff informs the Compliance Department on the members close to the family and controlled entities, in common control, over which they have significant influence or those that are a part of key management staff. The notification is made based on a sworn statement at the time they were appointed, at the beginning of every year and whenever amendments take place.

Any individual or organizational structure within the Company that intends to engage the Company in a transaction with affiliated parties or that has knowledge of the existence of affiliation reports tied to a transaction, must inform the Company by submitting a statement to the Compliance Department and obtain the approval of said transaction from the Board of Directors.

Any resolution shall be adopted by avoiding and properly managing conflicts of interest, the affiliated party/parties being excluded from any adopted resolution for the achievement of the Company's scope of business. The audit committee evaluates conflicts of interest in relation to transactions with affiliated parties and endorses these transactions so that they may be approved by the Board of Directors.

#### **V. General principles on transactions with affiliated parties**

"Arm's length" principle (,ordinary circumstances for competition").

A transaction carried out on the "arm's length" principle is a transaction carried out within the same terms and conditions as between a salesperson and an interested buyer, that are not affiliated parties and that act independently towards one another, each aiming to maximize their own interest.

All transactions with affiliated parties shall be carried out under normal market conditions, at fair value.

### Equitable treatment for all shareholders

When carrying out transactions with affiliated parties, the Company ensures that all shareholders are treated fairly.

### Transactions with affiliated parties that are carried out during regular business conduct

IFRS do not define transactions concluded with affiliated parties and carried out during regular business conduct. Generally, “regular business conduct” refers to activities, transactions and events that are regular, routine and is expected to be carried out as a part of the company’s daily activity.

### **Approving transactions with affiliated parties**

The Board of Directors approves all transactions with affiliated parties based on the approval of the Management Committee and the endorsement of the Audit Committee.

The General Meeting of Shareholders and/or the Board of Directors approves the remuneration of the key management staff (e.g. the Board of Directors and executive management), within the limits established by the Articles of Association.

## **VI. Reporting transactions with affiliated parties**

### ***Reporting within the financial statements***

Within the financial statements published by the Company, transactions with affiliated parties are presented in compliance with the provisions of IAS 24 “*Transactions with affiliated parties*”.

### **Reporting significant transactions with affiliated parties**

In compliance with the provisions of Law no. 24/2017 on the issuers of financial instruments and market operations, article 108, the Company shall publish, if applicable, a report on significant transactions with affiliated parties, namely those transactions whose individual or cumulated value represents more than 5% of the Company’s net assets according to the latest published separate financial reports, *except for the transactions carried out during regular business conduct, under normal market conditions*.

If significant transactions have been concluded, at the end of each half-year, the financial auditor shall review the reported transactions during said half-year and draft, within a period of maximum 30 days from the end of the reporting period, a report in which it assesses if the transaction is correct and justified from the standpoint of the issuer and the shareholders that are not affiliated parties, including minority shareholders and explains the hypotheses that the used methods rely on.

For the exempted transactions, the Board of Directors establishes an internal procedure of yearly evaluation in which these conditions are met and the result of the evaluation shall be included in the yearly report.

In order to accumulate the transactions according to article 108, paragraph (13) of Law no. 24/2017, both the transactions from the past 12 months and the ones from the current financial year are taken into account.

## **VII. Final dispositions**

The policy shall become effective on the date of its approval by the Board of Directors, with the endorsement of the Management Committee and shall be published on the company's website.

The policy may be revised and updated through a Board of Directors Resolution, endorsed by the Audit Committee or in the event of legislative amendments.

Claudiu Doros

President of the Board of Directors

Cătălin Iancu

CEO

Gabriel Lupaşcu  
Compliance Officer