



**POLICY FOR THE NOMINATION AND
EVALUATION OF INDIVIDUALS IN THE
MANAGEMENT STRUCTURE AND INDIVIDUALS
OCCUPYING KEY-POSITIONS**



Drive for
performance

Policy for the nomination and evaluation of individuals in the management structure and individuals occupying key-positions within EVERGENT Investments

Policy for the nomination and evaluation of individuals in the management structure and individuals occupying key-positions is drafted when applying the provisions of Regulation **no. 1/2019 on the evaluation and approval of management structure members and individuals holding key-positions within entities regulated by the Financial Supervisory Authority.**

Where Regulation **no. 1/2019** is concerned, EVERGENT Investments **is considered to be a significant entity**, as defined in article 2, paragraph (2), item k.

The Policy does not apply to EVERGENT Investments' subsidiaries, entities that are not regulated by the FSA.

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1. Reference documents

The reference documents regarding the evaluation procedures of the individuals in the management structure and individuals occupying positions with key functions:

1.1. Normative references:

- (a) Regulation no. 1/2019 on the evaluation and approval of management structure members and of individuals holding key positions within entities regulated by the Financial Supervisory Authority, hereinafter called Regulation;
- (b) Law no. 24/2017 on the issuers of financial instruments and market operations;
- (c) Law no. 243/2019 on the reglementarea of alternative investment funds;
- (d) Law no. 74/2015 on alternative investment fund managers;
- (e) Law no. 31/1990 on companies;
- (f) EVERGENT Investments' Articles of Association;
- (g) EVERGENT Investments' Code of Corporate Governance.

1.2. Related documents:

- (a) Specific provisions included in other normative acts;
- (b) Resolutions and/or provisions or decisions of EVERGENT Investments' management structure.

1.3. Definitions, according to article 2, paragraph (1) of the *Regulation*

- a) **adequacy** – the sum of qualities and attributes based on which an individual is considered to have a good reputation and who holds, individually and, as applicable, collectively, along with other individuals, knowledge, abilities and experience to fulfill the duties specific to the position; adequacy also covers honesty, integrity and the independent thought of every individual and their ability to assign sufficient time in order to fulfill their duties;
- b) **collective adequacy** - the sum of qualities and attributes of the entire management structure component that applies to regulated entities for which the applicable specific legislation foresees as such;
- c) **independent thought or independence of mind** - the management structure's ability to express their own opinions, to issue objective judgement and to adopt decisions independently during debates;
- d) **integration** - any endeavor or program carried out for the preparation and effective role settlement of the individual who shall occupy a certain position within the management structure;
- e) **training** - any endeavor or program carried out to improve the knowledge, abilities and experience of management structure members, continuously or with a certain purpose or under a certain circumstance;
- f) **individual holding key functions** - an individual whose attributes have significant influence on the achievement of the regulated entity's objectives, who is not a part of the management structure, fulfilling, within the regulated entity and according to the legislation specific to the financial supervision sector, as applicable, the following duties:
 - (i) the evaluation and management of risks (risk management);

- (ii) compliance and/or internal control, according to specific legislation;
 - (iii) internal audit.
- g) **evaluated individual** - individual proposed by a regulated entity in order to occupy a member position within the management structure or to hold a key position;
- h) **proportionality principle** - follows the correlation between the intricacy and breakdown of policies, processes and procedures referring to the adequacy of the evaluated individuals with the nature, extent and complexity of the risks inherent to the activity carried out by the regulated entity;
- i) **management structure** – Board members and members of executive management/superior management.

2. Management structure

2.1. EVERGENT Investments' **management structure**, as defined according to article (2), letters f) and g) of the Regulation is represented by:

- The Board of Directors is comprised of 5 members, individuals, elected or appointed by the Ordinary General Meeting for a period of 4 years, with the possibility of reelection. The invalidation of one or more members of the Board of Directors by the competent authority leads to a loss of director status for those in question. The members of the Board of Directors are authorized by the FSA.
- The Management Committee is comprised of company executives. The Management Committee carries out its activity within their delegated abilities. The establishment and dissolution of the Management Committee shall be approved by the directors' majority vote.
- The company's executive management is ensured, in compliance with the provisions of the Articles of Association and the regulations in force, by the CEO and the Deputy CEO. An individual/individuals is/are assigned as executive replacements through a Board of Directors decision.

EVERGENT Investments' management structure includes an adequate number of members and a component that respects adequacy requirements.

2.2. Role and obligations of the management structure:

- (a) drafts the relevant monitorization criteria of the executive/superior management's activity results and of the regulated entity as a whole and evaluates the way in which the criteria are applied on a yearly basis (Articles of Association, article 7, paragraph (19), letter i¹);
- (b) approves the policies and procedures of evaluation for the evaluated individuals for the prior and continuous assessment of their adequacy;
- (c) approves the procedure on managing conflicts of interest within the company;
- (d) verifies that the evaluated individuals fulfill the requirements foreseen in the hereby procedure, according to the incidental legal provisions;
- (e) undertakes that the evaluated individuals fulfill the requirements foreseen in the hereby procedure, according to the incidental legal provisions;

- (f) communicates the circumstances that arise after the approval/notice to the FSA without delay, determining that the requirements foreseen in the hereby procedure are not abided by, according to the incidental legal provisions;
- (g) The nominations to renew the mandates of the management structure members shall take place only after analyzing a member's performance during their previous mandate. The management structure ensures that:
 - they identify and select qualified and experienced members;
 - adequately plans the members' succession within the management structure, consistent with all legal requirements regarding the line-up, naming or succession of the management structure.
- (h) ensures the archival of documents attesting that the evaluated individuals meet the conditions foreseen in the hereby procedure, at company headquarters, for a minimum of 5 years from the end of the evaluated individuals' work/contractual relationships, being available for verification, at the FSA's request, whenever necessary;
- (i) ensures that the shareholders are notified of the results of the management structure's evaluation, in compliance with the *Regulation*;
- (j) monitors the candidates' nomination process for the position of Board member.

3. Individuals occupying positions with key functions; evaluated individuals – presentation

3.1. The key functions within EVERGENT Investments, defined according to article (2), paragraph (2), letter p), item i), ii), iii) of the *Regulation*, are:

- compliance officer/s – FSA authorized function;
- the staff of the risk management department – FSA authorized function;
- the staff of the internal audit department – FSA authorized function,

The company shall submit the individuals assigned to key compliance and risk management functions towards FSA approval, according to legal requirements, prior to them beginning to exercise their duties.

The company shall notify the FSA of the individuals carrying out key internal audit functions at least 15 business days before they start to exercise their duties.

4. Role and obligations of the Nomination-Remuneration Committee

The Nomination-Remuneration Committee is responsible for periodically evaluating the adequacy of the management structure members (individual and collective evaluation) and of the key functions (individual evaluation) and drafting a report accordingly, which it then presents to the management structure along with the presentation of the adequacy evaluation, based on the following criteria:

- (a) dedicated time/allocating enough time to exercise said function;
- (b) management structure members' compliance with provisions with respect to limiting the number of management functions foreseen in the specific legislation;
- (c) sufficient knowledge, ability and experience in order to exercise the function;
- (d) reputation, honesty and integrity;
- (e) independent thinking.

5. The nomination and selection procedure for appointing directors

5.1. Candidate eligibility requirements:

- 1) To have graduated from a higher educational institution with a bachelor's degree exam or diploma.
- 2) To have theoretical knowledge, ability and relevant practical and professional experience, adequate to the nature, scale and complexity of the company's activity and the assigned responsibilities. The candidates for the position of member of the Board of Directors must have a minimum of 3 years of relevant experience in order to exercise their duties. For the evaluation of their practical and professional experience, the one obtained from previous functions will be considered.
- 3) To meet the general conditions foreseen in Law no. 31/1990 on companies and to not fall within any of the incompatibility situations foreseen in article 6, paragraph (2), corroborated with article 73 and to abide by the provisions of article 153, index 16 of the Companies' law.
- 4) To cumulatively meet the requirements and criteria set out in FSA Regulation no. 1/2019 referring to: knowledge, ability and professional experience, as well as reputation, honesty and integrity, and governance.
- 5) According to the provisions of article 6, paragraph (4) of FSA Regulation no. 1/2019 – Regulated entities must ensure that the evaluated individuals are not a potential risk that may cause the entity to become vulnerable and, for this purpose, specifically analyze if said individuals:
 - a) have a good reputation;
 - b) possess sufficient knowledge, ability and experience in order to fulfill the duties specific to the function;
 - c) can act with honesty and integrity and can display independent thinking in order to evaluate and object, with sound arguments, to the decisions made by executive/superior management and any other decisions when necessary and to effectively supervise and monitor the decision adoption process;
 - d) if they hold several functions, can allocate sufficient time to be able to fulfill the duties corresponding to the functions within the regulated entities and, if applicable, in compliance with the specific applicable legislation, abiding by the number limitation of management functions that may be held simultaneously.
- 6) Are not in any of the incompatibility situations foreseen in article 8, paragraph (2), letter b) of FSA Regulation no. 10/2015 on the management of alternative investment funds, with its subsequent amendments and additions, namely: are not members of the Board of Directors/Supervisory Board or directors/members of the Directorate of any other AIFM/investment management companies/investment companies or an asset depository for one of the managed collective investment undertakings, must not be members of a Board of Directors/Supervisory Board within a financial investment services company with which the AIFM/fund manager closed a financial brokerage contract and must not be employees of or have any other contractual relationships with another fund manager or an investment company, except for other entities belonging to the same group. If they are in any of these situations, they understand that they must let go of said situation within 30 days from the communication date of their approval by the FSA and must submit supporting documentation that proves they are no longer incompatible before the term expires.

- 7) Must understand EVERGENT Investments' current activity, as well as the Group's, and the risks inherent to it at a level corresponding to their assigned responsibilities and must understand the Board of Directors' main duties, other than the way they are established through the company's Articles of Association. The Board of Directors has the following core skills that may not be assigned:
- a) establishes the Company's strategic objectives;
 - b) establishes the company's main activity and development directions;
 - c) establishing the accounting policies and the financial control system, as well as approving financial planning;
 - d) appointing and revoking directors and establishing their rights and obligations;
 - e) setting up other companies or legal entities, including participating in other companies' share capital, under the conditions foreseen by the legal regulations;
 - f) pledging, renting, establishing real movable guarantees and mortgaging company goods, under the conditions of the law;
 - g) pregătirea preparing the yearly report, organizing the General Meeting of Shareholders and implementing its resolutions;
 - h) adopting the appropriate measures with respect to establishing and applying the principles of corporate governance, regarding, but without being limited to:
 - ✓ establishing the relevant criteria for monitoring the results of the executive/superior management's activity and of the company overall, as well as the yearly evaluation of the way in which the criteria are implemented;
 - ✓ analyzing the adequacy, efficiency and updates of the risk management system in order to manage held assets efficiently, as well as the way in which the corresponding risks the company is exposed to are managed;
 - ✓ ensuring that the requirements regarding the outsourcing/assignment of operational activities or functions are abided by, both before it is done, as well as during the entire duration of the outsourcing/assignment;
 - ✓ analyzing and establishing the remuneration policy so that it corresponds to the business strategy, objectives and long-term interests and to include measures to prevent conflicts of interest;
 - ✓ ensuring the development and implementation of ethical and professional standards to provide with professional and responsible behavior within the company, in order to prevent conflicts of interest;
 - ✓ approving the company's appetite and risk tolerance limits, as well as the procedure to identify, evaluate, monitor, manage and report significant risks that the company is or may be exposed to;
 - ✓ ensuring that the plans providing activity continuity and the emergency situations plans are drafted, as well as evaluated on a half-yearly basis.

5.2. Procedure and application submission deadlines:

In compliance with the provisions of article 137 of Law no. 31/1990 on companies, the current members of the Board of Directors or shareholders have the right to nominate individuals for the position of director, provided that the candidates abide by the eligibility conditions foreseen by Financial Supervisory Authority Regulation no. 1/2019.

The information on the minimum conditions that must be met by the candidates, according to the incidental legal provisions (item V as seen above) and the document list for the application shall be published on EVERGENT Investments' official website, www.evergent.ro.

The candidates for the position of director will be able to submit their application files to company headquarters, in original.

The application list shall be drafted after completing the submission, analysis, evaluation and selection procedure according to the provision of FSA Regulation no. 1/2019 on the evaluation and approval of management structure members and of the individuals occupying key functions within entities regulated by the Financial Supervisory Authority and the applicable EVERGENT Investments regulations.

The candidates' evaluation for the position of director shall be carried out by the Nomination-Remuneration Committee, and the candidate list shall be submitted for the Board of Directors' approval.

According to the provisions of article 24, paragraph (4), letter b) reported in article 22 of the *Regulation*, corroborated with the provisions of articles 117, paragraph (6) and 137¹ of Law no. 31/1990 on companies, the candidate list, which includes information regarding the name, place of residence, professional qualification and the result of the evaluation carried out by the Company, shall be made available to shareholders on the website www.evergent.ro.

6. Policy on the diversity of the management structure

EVERGENT Investments promotes and implements diversity within the management structure, in compliance with the provisions of article 9 of FSA Regulation no. 1/2019, recognizing its contribution to the improvement of the decision process and the consolidation of an efficient management and control framework.

The Nomination-Remuneration Committee or, as applicable, the Board of Directors, shall consider criteria of diversity in the identification, selection and proposal process to fill in positions within the management structure.

The nomination and selection process aims to identify candidates who, through their professional profile, can contribute to a balanced and performing management structure that can meet specific governance requirements, based on neutral criteria, clear and non-discriminating, including professional experience, abilities and corporate governance knowledge.

7. Evaluation procedure

7.1. General aspects regarding the evaluation procedure

EVERGENT Investments verifies if the legal requirements are met, evaluates the adequacy of individuals for which it requires approval in advance or which it notifies to the FSA and monitors the individual adequacy of evaluated individuals on a continuous basis.

If, following carried out evaluation and reevaluation, EVERGENT Investments ascertains that the evaluated individual is not adequate for exercising the function, it will inform them as such and, if applicable, the FSA and the shareholders, as well as initiate the necessary steps to submit another designated individual for FSA approval.

EVERGENT Investments shall inform the FSA, no later than 5 business days from the ascertainment, regarding any identified significant deficiencies referring to any of the evaluated individuals, along with the corrective measures taken or kept in mind in order to remedy them, as well as the implementation calendar.

EVERGENT Investments evaluates the collective and individual adequacy of management structure members separately for the Board members and executive management. Collective adequacy evaluation for the members of the management structure is carried out using the company's own matrix, approved by the Nomination-Remuneration Committee.

For the General Meetings of Shareholders that have the appointment of directors/a director on the agenda, prior to it being carried out, the result of the candidates' individual or, if applicable, collective adequate character evaluation shall be presented to the shareholders. In order to elect Board members, EVERGENT Investments shall make the following available to shareholders:

- a) concrete information that reveals the obligations the Board members have within the company and with respect to the adequacy requirements foreseen by the specific legislation, so that decision adoption is undertaken and carried out with full understanding;
- b) the list of recruited or selected candidates, taking legal provisions into consideration.

The company has training and integration procedures for the members of the management structure that are separate for the Board and for the executive management, both individually and collectively, with the purpose of obtaining, maintaining and furthering the knowledge and abilities necessary to fulfill the duties of the members of the management structure.

7.2. Evaluating the management structure's collective adequacy

The collective adequacy of the members of the management structure shall be evaluated separately for the members of the Board and for the executive management.

The members of the management structure collectively provide with:

- a) abilities to make adequate decisions in accordance with the business plan/model, risk appetite, strategy and markets the company is active in;
- b) all knowledge and necessary abilities in order to carry out the company's activity, including a sufficient number of members that are knowledgeable in every domain so that they may substantiate their opinions within the decision-making process.

The members of the Board collectively provide with the ability to monitor and validate or oppose, if applicable, the executive management's decisions.

The management structure's component must reflect the necessary knowledge, abilities and experience so that they may fulfill their responsibilities, including an adequate understanding of areas of interest for collective accountability and the overall view on the company, in order to effectively manage and oversee its activity, taking the following aspects into account:

- a) the line of business, the activities that are carried out, the business strategy and the main risks tied to them;
- b) financial analysis, capital adequacy requirements and reports that are specific to the company's activity;
- c) the governance system, including managerial abilities and key functions referring to risk management, compliance and internal audit;
- d) data and IT system security;
- e) group governance and risk management corresponding to the group's structure;
- f) the legal framework that is applicable to the regulated entity.

During the collective evaluation of the members of the management structure, the results of each member's individual evaluation shall be considered, as well as the adequacy of the entire collective. The weak points that are identified within the general component of the management structure do not necessarily lead to the conclusion that a certain member is not, individually, adequate.

The result of the adequacy evaluations, including the collective adequacy evaluation, shall be sent to the FSA, along with the documents and information foreseen in article 30 of the *Regulation* as such:

- a) for all Board members approved by the General Meeting of Shareholders, regardless of the result of the evaluation carried out by the company;
- b) for the individuals appointed to executive management who were validated by the Board.

7.3. The individual evaluation of the members of the management structure

EVERGENT Investments is responsible for the initial evaluation and continuous monitorization of the evaluated persons' individual adequacy, in that it requires that the members of the management structure prove their adequacy by providing the documents required by the FSA, at the very least, in order to evaluate their adequacy in accordance with the provisions of Section 2 of the *Regulation*.

During the individual evaluation process of a management structure member, EVERGENT Investments:

- a) analyzes the information regarding adequacy through different methods, channels and instruments, without being limited to diplomas and certificates, letters of recommendation, resumes, interviews, questionnaires etc.;
- b) analyzes the information regarding reputation, integrity and honesty, including with respect to the existence of documented reasonable motives to suspect that an attempt at a money laundering and terrorism financing operation was or is committed or that there is an increased money laundering and terrorism financing risk associated with the evaluated individual;
- c) evaluates independent thinking;
- d) requests that the evaluated individual prove the accuracy of the provided information, if necessary;
- e) requests that the evaluated individual declare any current or potential conflicts of interest;
- f) validates, where possible, the accuracy of the information provided by the evaluated individual;
- g) determines the results of the evaluation, within the Board or, as applicable, within the Nomination-Remuneration Committee.

If a situation that generates concerns with respect to a member's eligibility is identified, including the existence of documented reasonable motives to suspect that an attempt at a money laundering and terrorism financing operation was or is committed or that there is an increased money laundering and terrorism financing risk, it shall be assessed if said situation has an impact with respect to the adequacy of the evaluated individual and, if necessary, useful corrective measures shall be established in order to ensure the individual adequacy of the members of the management structure.

EVERGENT Investments documents the description of the position for which the evaluation is carried out, as well as its role within the entity and presents the adequacy evaluation results based on the following criteria:

- (a) allotted time/allotting enough time to exercise said function;
- (b) the compliance of the management structure members with the provisions regarding limiting the number of management positions foreseen in the specific legislation;

- (c) sufficient knowledge, abilities and experience in order to exercise their function;
- (d) reputation, honesty and integrity;
- (e) independent thinking.

7.4. Monitorization and reevaluation of the management structure

The continuous monitorization of the individual or collective adequacy of the members of the management structure mainly tracks that a member or the entire component of the management structure remains adequate, considering the individual or collective performance and the situation or event that determines the necessity of a reevaluation, as well as the impact that this situation has over fulfilling adequacy requirements.

The individual or collective reevaluation process of the members of the management structure takes the following aspects into consideration, without being limited to them:

- a) the management structure's effectiveness, referencing the working process, the flow of information and the reporting lines to the management structure, taking into consideration the reports and recommendations provided by the representatives ensuring compliance and internal audit functions;
- b) the effective and prudent entity management, including the management structure's good-faith regarding the activities they carry out in the company's interest, including with respect to preventing and combatting money laundering and the financing of terrorism;
- c) the management structure's ability to focus on aspects of strategic importance;
- d) meetings' frequency, allotted time, as well as degree of participation and involvement of members during the reunions;
- e) any amendment to the management structure's component and any deficiencies with respect to its individual and collective adequacy, considering EVERGENT Investments' business model, risk strategy and its amendments;
- f) the performance objectives established for the regulated entity and for the management structure;
- g) the independent thinking of the management structure's members, abiding by the independence principle and the compliance of the members with the policy on conflicts of interest;
- h) the extent to which the management structure's component fulfilled its established objectives within the diversity policy in compliance with article 9 of the Regulation, where applicable;
- i) the extent to which the management structure's members, through their activity and decisions, have demonstrated a good understanding of money laundering and terrorism financing risks and the way in which they affect the company's activity, as well as if they adequately managed these risks, including by taking corrective measures if necessary;
- j) documented reasonable motives to suspect that a money laundering and terrorism financing operation was or is committed or the existence of an increased risk of them being committed, including as a result of internal and external auditors' ascertainment, as well as other competent authorities with respect to the adequacy of systems and procedures in the money laundering and terrorism financing area;

- k) the extent to which the management structure's members, through their activity and decisions, have demonstrated a good understanding of the risk of not implementing international sanctions or the circumvention risk for international sanctions and the way in which this affects the company's activity, as well as if they adequately managed this risk, including by adopting corrective measures if necessary;
- l) any events that may have a significant impact on individual or collective adequacy for the members of the management structure, including amendments to the business model, strategies and way of organizing;
- m) if there is an increased risk of money laundering and terrorism financing as it pertains to EVERGENT Investments, especially if the information available to the FSA indicates that EVERGENT Investments:
 - (i) has not implemented an internal control system or adequate supervision mechanisms in order to monitor and mitigate money laundering and terrorism financing risks;
 - (ii) breaches the obligations to prevent and combat money laundering and terrorism financing in Romania, the host member state or a third party country;
 - (iii) has significantly amended its business plan/model in a manner indicating that its exposure to money laundering and terrorism financing risks has increased significantly.

EVERGENT Investments continuously monitors the adequacy of evaluated individuals to identify, in the context of new relevant data, the situations in which a reevaluation of their adequacy must be carried out, and it does so at least once per year.

The conclusions of the reevaluation reports, the reason for the reevaluation, as well as any other information, recommendations and vulnerabilities deriving from them are substantiated and submitted to the management structure. Without delay, EVERGENT Investments shall inform the FSA no later than 5 business days from ascertainment if, following the reevaluation, they find that a member is not adequate or if they find that the management structure is not collectively adequate, including with respect to the proposed or implemented measures to remedy the situation.

7.5. Adequacy evaluation of key functions

EVERGENT Investments carries out the adequacy evaluation for the individuals holding key functions before appointing them. The result of the evaluation is presented to the individuals appointed to key functions and management structure and is annexed to the notification or the approval request submitted to the FSA.

EVERGENT Investments shall adopt adequate measures to replace the individual evaluated by the FSA as being inadequate to exercise the key function and ensures the continuity of exercising said function, until another individual is appointed, by a member of the executive management or by another individual assigned in compliance with the specific legislation.

7.6. The conditions that the individuals in the management structure and occupying key function positions must meet

The members of EVERGENT Investments' management structure shall cumulatively fulfill the minimum requirements with respect to integrity, qualification and professional experience foreseen in the regulations and legal provisions, such as:

- (a) have graduated from a higher education institution with a bachelor's degree or diploma;
- (b) meet the general conditions foreseen in Law no. 31/1990 on companies, republished, with its subsequent amendments and additions;
- (c) have theoretical knowledge, abilities and relevant practical and professional experience that is adequate to the nature, scale and complexity of EVERGENT Investments' activity and their allotted responsibilities.

The members of the Board must have minimum 3 years of relevant experience in order to exercise their duties, if the law does not specify otherwise.

The individuals ensuring executive management must meet the following conditions:

- (a) have graduated from a higher education institution with a bachelor's degree or diploma;
- (b) individually have at least 3 years of experience in management positions, as well as practical and professional experience in the financial-banking area or relevant specialty areas, in accordance with the nature of the activity carried out by entities, of at least 5 years, if the law does not specify otherwise. By exception, depending on the nature and complexity of the targeted entity, the individuals' experience with management positions may be less than 3 years, but cannot be less than 1 year (article 11, paragraphs (6) and (7) of the *Regulation*);
- (c) meet the general conditions foreseen by Law no. 31/1990 on companies.

The individuals holding key functions must meet the following conditions:

- (a) have relevant experience in order to exercise their duties, of at least 3 years;
- (b) have participated in the professional training stages or have passed the test regarding knowledge of the legislation in force that is specific to the financial supervision sector's area of activity, organized by the professional training program providers who carry out their activity within the three financial markets under FSA supervision, as applicable, if the law does not specify otherwise.

All individuals in the management structure and the ones occupying key functions within EVERGENT Investments must meet and maintain, all throughout the activity they carry out, the requirements in the *Regulation* referring to:

- a) knowledge, abilities and professional experience;
- b) reputation, honesty and integrity;
- c) governance.

Checking/rechecking that the people evaluated for individual adequacy meet the requirements shall be carried out by EVERGENT Investments as such:

- a) for amendments occurred within the management structure:
 - appointing new members to the management structure;
 - appointing an individual that was previously approved by the FSA for the Board for a new mandate, namely in the executive management or senior management of EVERGENT Investments;
 - appointing individuals to a different status than the one they were previously evaluated for, if function requirements have changed;
- b) if the risk profile and business plan are significantly amended;
- c) if new individuals are designated to key functions;
- d) within the continuous monitorization and supervision process or the requests formulated by the FSA.

7.7. Evaluating the necessary knowledge, ability and sufficient experience to exercise the function shall take the following into consideration:

- a) the role and duties of the targeted function and the necessary ability to exercise it;
- b) knowledge and abilities obtained based on studies, practice and professional training;
- c) experience accumulated at previously occupied functions;
- d) knowledge and abilities obtained and proven through professional conduct as a member in a management structure or in exercising other functions, as applicable.

When the experience obtained in previously occupied positions by the members of the management structure is evaluated, the following aspects are mainly considered:

- a) the nature of the management function held and its hierarchical level;
- b) the duration of occupying the function;
- c) the nature and complexity of the activity, including information referring to the organizational structure of the entity in which they previously activated in;
- d) the individual's sphere of abilities, decisional competencies and responsibilities;
- e) technical knowledge obtained in previous functions;
- f) number of individuals subordinated to them.

7.8. Evaluating the requirement regarding *good reputation, honesty and integrity* takes into consideration:

1. if there are no objective and provable reasons that indicate the opposite.
2. if there is information with respect to the existence of one of the following situations, without being limited to them:
 - a) in personam conviction or prosecution in cases referring to:
 - felonies provided by the financial-banking legislation, felonies provided by the legislation referring to preventing and combatting money laundering and terrorism financing, market manipulation, the abusive use of confidential information or felonies related to corruption charges;

- felonies against heritage or other felonies specific to the economic/financial area;
 - felonies provided by the fiscal legislation that were committed directly or indirectly, including through illegal or forbidden dividend arbitrage schemes;
 - other felonies provided by the legislation on companies, bankruptcy, insolvency, as well as that regarding consumer protection;
- b) previous or current sanctions and measures taken by any regulatory authority or professional body for failing to comply with any relevant provisions that regulate the activities within the financial-banking area or any of the situations mentioned under letter a);
- c) aspects referring to professional performance, as well as the financial solidity of the member of the management structure, taking the following into consideration:
- (i) the existence of entries in their fiscal records certificate;
 - (ii) the financial results of entities owned or led by a member or in which the evaluated member has held or still holds a stake or carries significant influence; special attention shall be given to the financial recovery, bankruptcy and liquidation procedures, and if and how said member contributed to the situation that led to these procedures;
 - (iii) declaring personal bankruptcy;
- d) the individual evaluated was in one of the following situations:
- i) has not proven to be transparent, open or cooperative in relation to the regulatory authorities;
 - ii) was a member of the management structure of an entity that was subjected to a decision to reject an approval request, for reasons pertaining to the evaluated individual or a penalty decision made by a regulatory authority or whose registration or authorization was retracted by a regulatory authority;
 - iii) their right to carry out activities that require registration or authorization by a regulatory authority was refused, retracted or forbidden;
 - iv) was a member of a management structure at an entity that has entered insolvency or involuntary liquidation, during the time they carried out contractual relationships with said entity, with the condition that they be held accountable for the entity's insolvency state, in compliance with the applicable provisions from incidental legislation in matters of insolvency or involuntary liquidation;
 - v) was fined, suspended or sanctioned for fraud, delapidation or in connection with providing financial or data services;
 - vi) was revoked or let go, for attributable reasons and in compliance with the applicable legislation, from the director function or another management function or from another relevant position;
 - vii) the existence of any other proof, complaints or severe reports based on relevant information, credible and reliable, that suggest that the individual acts in a way that is not compliant with rules of conduct.

7.9. Evaluating that the *governance* requirement is fulfilled refers to:

a) the existence of a possible conflict of interest;

“conflict of interest – the situation or circumstance that may appear in the operational or decisional process, in which the direct and indirect personal interest of the individuals being assessed within a regulated entity is contrary to its interest, thus affecting or possibly affecting independence and neutrality of the decision making process, professional reason or fulfilling the duties corresponding to their attributions on time and objectively or that could affect, through their very nature, the integrity or stability of the entity or financial market.”

EVERGENT Investments implemented rules and procedures to manage possible conflicts of interest, to which the following aspects are added:

1. the company must go through a rigorous process of analysis and approval of the members before their involvement in certain activities, like occupying positions within other management bodies, to ensure that said activities will not create conflicts of interest.
 2. the members are required to promptly reveal the aspects that may generate or have already generated conflicts of interest to EVERGENT Investments and to the FSA, taking the circumstances described in article 17, paragraph 3, letters a) – c) of the Regulation into special consideration and that might impede their ability to objectively and independently fulfill their attributions.
 3. each member of the management structure identifies and presents, during the management structure’s reunions, any circumstance that may generate conflicts of interest and that may impede their ability to objectively and independently fulfill their attributions.
 4. the management structure evaluates any circumstances that may give rise to a conflict of interest and approves measures in order to manage and mitigate them, including abstaining from voting by the member with respect to any matter where they may be in a potential conflict of interest.
 5. EVERGENT Investments shall notify the FSA on the situations regarding conflicts of interest that may affect the independent thinking of a management structure member, including the measures taken.
 6. the existence of a circumstance that may give rise to a conflict of interest does not automatically impede a member or possible member to be a part of the management structure of EVERGENT Investments SA.
- b) the ability to effectively carry out activity and allotting the proper time in order to exercise it.
- c) the individual’s ability to carry out the attributions assigned to them independently, as well as relevant aspects that may result from the analysis of information obtained with respect to:

- the activities carried out in previous and actual functions, exercised within EVERGENT Investments or within other entities;
 - the personal, professional or economic relationships with the members of EVERGENT Investments' management structure or within other entities in the EVERGENT Investments group;
 - the personal, professional or other economic relationships with the shareholders who hold control over EVERGENT Investments or other entities within the group. The evaluation shall be carried out in compliance with article 16 of the Regulation, "Management functions held simultaneously", and article 17 of the Regulation, "Independent thinking and the conflict of interest".
- d) restrictions and incompatibilities between the evaluated function and the positions held within EVERGENT Investments or other entities, as defined in the specific sectoral legislation.
- e) abiding by other specific adequacy requirements for the members of the management structure, set out in the legal regulations and the internal norms/statutory documents.

When it comes to EVERGENT Investments, the **incompatibilities of the management structure members** are regulated by the incidental legislation (FSA Regulation no. 10/2015) and by the companies' Articles of Association in which the individual holds management functions, is employed or has contractual relationships.

	FSA Reg. no. 10/2015 directors/members of an AIFM directorship authorized by the FSA [senior management as defined in article 2, paragraph (2), letter h)], as well as the <i>individuals replacing them</i>	FSA Reg. no. 10/2015 Members of the Board of Directors/Supervisory Board of an AIFM authorized by the FSA [management bodies as defined in article 1, item 4 of (EU) Regulation no. <u>231/2013</u>]
-	a) are not members of the Board of Directors/Supervisory Board or directors/members of the directorship of: <ul style="list-style-type: none"> - another AIFM. - another fund manager/self managed investment companies of a UCITS type. - another financial investment service company/credit institution authorized to provide the services and activities foreseen in <u>Annex no. 1 of Law no. 126/2018</u> regarding financial instrument markets, with which the AIFM closed a financial brokerage contract. 	a) are not members of the Board of Directors/Supervisory Board or directors/members of the directorship of: <ul style="list-style-type: none"> - another AIFM. - another fund manager/self managed investment companies of a UCITS type. - another financial investment service company/credit institution authorized to provide the services and activities foreseen in <u>Annex no. 1 of Law no. 126/2018</u> with which the AIFM closed a financial brokerage contract.

	<p>b) are not members of the Board of Directors/Supervisory Board or executive directors with attributions referring to certifying the value of the net asset or other activities specific to the depository within a legal entity that fulfills the role of depository for at least one of the placement bodies.</p>	<p>b) must not members of the Board of Directors/Supervisory Board or executive directors with attributions referring to certifying the value of the net asset or other activities specific to the depository within a legal entity that fulfills the role of depository for at least one of the placement bodies.</p>
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	FSA Reg. no. 10/2015 directors/members of and AIFM directorate authorized by the FSA [senior management as defined in <u>article 2, paragraph (2), letter h</u>], as well as the individuals replacing them	FSA Reg. no. 10/2015 Members of the Board of Directors/Supervisory Board of an AIFM authorized by the FSA [management bodies as defined in article 1, item 4 of <u>(EU) Regulation no. 231/2013</u>]
	collectively managed according to the provisions of <u>article 20 of Law no. 74/2015</u> , its later amendments and additions; (article 8, paragraph (1), letter c ¹)	managed collective placement bodies (article 8, paragraph (2), letter b ¹)
	c) must not be employees of an AIFM or have any sort of contractual relationship with another AIFM or another fund manager/investment company of a UCITS type, except for other entities belonging to the same group within which they can occupy another position than the one of director/directorate member; (article 8, paragraph (1), letter c ²).	c) must not be employees or have any sort of contractual relationship with another AIFM or another fund manager/investment company of a UCITS type, except for other entities belonging to the same group within which they can occupy another position than the one of director/directorate member; (article 8, paragraph (2), letter b ²)
	d) must exercise their attributions within the company's regular working hours;	
	e) individuals that replace/succeed the directors/members of the directorate for a limited time must fulfill the requirements of <u>FSA Regulation no. 1/2019</u> with its later amendments and additions, with them being able to work part-time and, should they permanently replace them following the conclusion of the contractual relationships between the AIFM and the directors/members of the directorate which said individuals replace/succeed them, the AIFM is required to request the authorization of the amendment of the effective management's component within a maximum of 3 months from said position's termination date, abiding by <u>article 8, paragraph (1¹) of Law no. 74/2015</u> , with its later amendments and additions; (article 8, paragraph (1), letter i).	

The individual/s replacing the executive management members (individual/s assigned as "director's replacement") meet/s the requirements foreseen by FSA Regulation no. 10/2015, article 8, paragraph (1), letter i).

The individuals assigned to **key functions** may not fulfill the status of director within companies in which EVERGENT Investments is a shareholder.

The compliance officer has the following incompatibilities:

- (a) to not exercise any attributions that they must control.
- (b) to carry out activities that are specific to the compliance function only within said AIFM.
- (c) to not be a significant shareholder of the AIFM, to not be a member of the Board of Directors/Supervisory Board or director/directorate member, to not hold the status of the AIFM's financial auditor, of a financial investment services company with which the AIFM closed a brokerage contract, to not be an individual involved or in close ties with another AIFM/fund manager (except for if the fund manager and the AIFM are the same entity)/investment company or with an AIF depository managed by the AIFM and to not be an employee of another AIFM/fund manager (except for if the fund manager and the AIFM are the same entity)/investment companies or another depository within the department/service which carries out operations tied to depository activity.

The staff of the risk management department has the following incompatibilities:

- (a) to not carry out portfolio management activities;
- (b) the function's independence must not be affected by the fact that the risk management activities are closely associated with the investment process;
- (c) to carry out activities specific to the function only within said AIFM;
- (d) to not be a significant shareholder of the AIFM, to not be a member of the Board of Directors/Supervisory Board or director/directorate member, to not hold the status of the AIFM's financial auditor, of a financial investment services company with which the AIFM concluded a brokerage contract, to not be an individual involved or in close ties with another AIFM/fund manager (except for if the fund manager or AIFM are the same entity)/investment company or with an AIF depository managed by the AIFM and to not be an employee of another AIFM/fund manager (except for if the fund manager and the AIFM are the same entity)/investment companies or another depository within the department/service that carries out operations tied to depository activity.

The staff of the internal audit department has the following incompatibilities:

- (a) shall not audit activities or functions carried out or previously held until after 12 months have passed;
- (b) shall not be engaged in company or subsidiary operations and will not be able to initiate or approve operations that have no connection to internal audit;
- (c) shall not project and shall not implement internal control procedures or any other company or subsidiary procedures;
- (d) may not be assigned to carry out internal audit missions for a department within the company or a subsidiary if internal auditors are in a conflict of interest;
- (e) may not be subjected to external interferences with respect to defining their sphere of intervention, the actual implementation of the works and communicating the results;
- (f) shall not supervise the activity of any department or subsidiary;

- (g) the individuals that are spouses, relatives and in-laws up to the fourth degree, including with individuals from executive management, may not be internal auditors within the company;
- (h) internal auditors may not be assigned internal audit missions for a department or a subsidiary if they are spouses or in-laws up to the fourth degree, including with individuals within its management.

Without harming internal audit's objectivity and impartiality, at the request of the Board of Directors and executive management, the staff of the internal audit department may offer counseling services with respect to conceiving and implementing new policies, processes, systems and products, providing fraud investigation services, providing training sessions, as well as facilitating discussion on risks and controls.

The internal audit activity may provide assurance services if they have previously provided counseling services, with the condition that the nature of the counseling does not affect objectivity.

Internal auditors may offer counseling services with respect to carrying out operations for which they had previous responsibilities. If the internal auditors' independence or objectivity could be affected when it comes to the proposed counseling services, they must inform the party soliciting said services on the potential existent deficiencies, before accepting the mission.

8. Submitting the approval request forms/notifying the FSA on the evaluated individuals

EVERGENT Investments submits each of the evaluated individuals appointed within the management structure or exercising key functions for FSA approval/notification before they start exercising their attributions. Any newly emerging situations after the approval/notification of these individuals with respect to not abiding by the requirements set out in the hereby regulation or vacating a position within the management structure or a key function shall be communicated to the FSA within 5 business days.

If the attributions specific to a key function are shared among several individuals assigned by the regulated entity, individual approval/notification of each individual shall be requested.

If exercising the attributions specific to the key function is done within a distinct organizational structure, the Company shall only request the approval of the individual ensuring its management.

The policy shall be rightfully filled in, when applicable, with the documents stipulated in chapter 1 of the hereby policy.

Claudiu Doros
President of the Board of Directors

Cătălin Iancu
CEO

Gabriel Lupaşcu
Compliance Officer