

**Declaration****on due diligence policies with regard to taking into account the main negative effects of investment decisions on sustainability factors**

This declaration is published in accordance with the provisions of art. 4 paragraph (1) letter a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability information in the financial services sector.

Regulation (EU) 2019/2088 establishes the legal framework on transparency in relation to the integration of sustainability risks and taking into account the main negative effects of investment decisions on sustainability factors.

S.I.F. Oltenia S.A., as Alternative Investment Fund (AIF) of closed type, intended for retail investors, diversified, self-managed category, is a participant in the financial market, which takes into account the main negative effects of investment decisions on sustainability factors, meaning that the provisions of art. 4 paragraph (1), letter a) of Regulation (EU) 2019/2088 on sustainability in the financial services sector.

***I. Information on policies to identify and prioritise the main negative impacts on sustainability and indicators in this regard***

Sustainability risks may represent a real, distinct risk, but may also have an impact on other risks, such as market, liquidity, credit, operational risks, etc., as the significant risks to which S.I.F. Oltenia S.A. is exposed are identified.

The exposure of S.I.F. Oltenia S.A. to sustainability risks is mostly indirect, being determined by the concrete characteristics of the companies in the company's portfolio.

The monitoring of these indirect risks is carried out in an integrated manner, within the internal portfolio management procedures of S.I.F. Oltenia S.A., in order to substantiate timely investment/divestment decisions.

In the sustainability risk assessment, the reports of the issuers listed on the BVB, the companies' websites, any credible and authorized source available are used. Within the internal evaluation and management process of its own portfolio, together with the financial reports of the companies in which investments are made, at the level of S.I.F. Oltenia S.A., the non-financial reports issued by the companies are also analyzed, according to the applicable legal provisions. Thus, the structures responsible for making investment proposals include the non-financial key performance indicators from the issuer's non-financial report (where available) in the opportunity reports.

The sustainability risk procedure is an integral part of the *Risk Management Policy*.

***II. Description of the main negative effects on sustainability and of all measures taken or, where appropriate, planned in connection therewith***

The company's investment strategy aims to ensure that its investments, especially in the medium and long term, are in companies that take into account good practices in the field of sustainability.

Thus, considering the specificity of the activity of S.I.F. Oltenia S.A., the investment policy and the concrete measures for its implementation and considering the diversification of the assets in the portfolio of S.I.F. Oltenia S.A., we consider that the materialization of a single sustainability risk has a low probability of significantly affecting the value of the assets of S.I.F. Oltenia S.A.

In order to prevent/mitigate sustainability risk, in the process of analyzing possible investment opportunities and expressing risk opinion, the Risk Management Office verifies whether or not the

issuer's field of activity is in the internal list of areas of activity that may generate significant sustainability risks, and subsequently analyzes the issuer's ESG score (if available) to determine the impact of sustainability risk on the investment.

At the same time, at the level of S.I.F. Oltenia S.A., the improvement of social factors at the level of the company was also considered, such as: *continuous training of employees by conducting training courses, improving labor standards, renewing information technology with less harmful impact on the climate, improving health standards by providing a package of medical services for employees, the company having concluded a contract with a healthcare provider.*

In conclusion, we inform investors that sustainability risks are not totally eliminated, but the likely effect of sustainability risks for S.I.F. Oltenia S.A. is low.

### **III. Involvement policy**

The involvement policy of S.I.F. Oltenia S.A. was developed with the purpose of long-term involvement in the corporate governance of the issuers in the portfolio in order to contribute to the improvement of the financial and non-financial performance of companies, including in terms of environmental and social factors.

S.I.F. Oltenia S.A. honestly and responsibly exercises its legitimate shareholder rights, in accordance with the objectives of its own investment strategy, for its own benefit and that of its shareholders.

Depending on the holdings in the share capital of the issuers in the portfolio, the company, through the vote cast, is involved as a shareholder in the proper functioning and management of the company in terms of operational activity or development strategy.

The exercise of the voting right is carried out with preference in matters with material impact on the activity of companies/shareholders' interests, respectively in the case of issuers where the company holds a significant share of the share capital. If S.I.F. Oltenia S.A. considers that it is in the interest of investors to vote for/against a decision subject to a vote, then it will act accordingly, using the legal means at its disposal.

In order to develop and support a sustainable activity of the issuers in the portfolio, S.I.F. Oltenia S.A. exercises its specific shareholder rights and can contribute to the financing of the issuers by subscribing shares within the share capital increases, the purchase of bonds or other methods allowed by law.

*The policy of involvement of S.I.F. Oltenia S.A. within the issuers in the portfolio is available on the company's website under the section: About us/Corporate Governance/Engagement Policy.*

### **IV. Compliance with internationally recognised business codes of conduct and standards of due diligence and reporting and, where appropriate, their alignment with the objectives of the Paris Agreement**

Following the integration of sustainability risks and taking into account the main negative effects of investment decisions on sustainability factors, according to the provisions of art. 4 paragraph (1), letter a) of Regulation (EU) 2019/2088 on sustainability in the financial services sector, S.I.F. Oltenia S.A. intends to align with the objectives of the Paris Agreement.

**Sorin-Iulian Cioacă**  
President - General Manager

**Viorica Bălan**  
Compliance Officer