

APPROVED
in the meeting of the Board of
Directors
of 22.09.2017 (original form)
revised on: 24/06/2019
revised on: 24/02/2021



CORPORATE GOVERNANCE REGULATION

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PREAMBLE

Corporate governance requires compliance with a set of principles and recommendations based on the best practices of transparency and trust in order to build a strong relationship with all shareholders and potential investors.

Good corporate governance is intended to facilitate responsible, efficient and prudent management of the company and, at the same time, is a good instrument for strengthening market competitiveness.

This Regulation integrates the principles and procedures for corporate governance as laid down in Regulation A.S.F. No 2/2016, the Bucharest stock Exchange Corporate Governance Code and the Company's articles of association.

The Regulation sets out, in a summary form, the corporate governance structures, decision-making rules and procedures, the governance standards that ensure the application of the general principles of management and control of the business of S.I.F. Oltenia S.A., to the benefit of the shareholders.

Since 2010, the company voluntarily acceded to the BVB Corporate Governance Code (CGC) and ensured the implementation of the corporate governance principles. The company's annual reports have periodically provided, by means of the "apply or explain" statement, the degree of compliance with the principles of the CGC.

From January 2016, the company applies the provisions of the new BVB Corporate Governance Code (Code launched in September 2015).

The company's articles of association took over the requirements of compliance with the corporate governance system as laid down in Regulation A.S.F. No 2/2016.

Company name: Societatea de Investiții Financiare Oltenia S.A. (S.I.F. Oltenia S.A./"The Company")

Legal status: The company is set up as a legal person of private law, of Romanian nationality, organized as a joint stock company

Type of company: The company is classified under the applicable legal provisions as a closed-ended Alternative Investment Fund (AIF) for retail investors, diversified and self-managed.

The company is authorized by the Financial Supervisory Authority as an Alternative Investment Fund Manager as of 15.02.2018, according to Permit no. 45.

S.I.F. Oltenia S.A. has been established as a joint stock company according to Law no. 133/1996 on the conversion of the funds of Proprietatea Privata into Financial Investment Companies.

The scope of activity: The main field of activity of the company is NACE code 649 - other financial intermediation, except insurance and pension funds, and the main activity is NACE code 6499 - other financial intermediation n.e.c.

The Company has the following scope of activity:

- a) portfolio management;
- b) risk management.

Registration data:

Trade Register registration number – J16/1210/1993;

Company Registration Code – RO 4175676;

FSA Register no. : PJR07¹ AFIAA/160004/15.02.2018;

LEI (Legal Entity Identifier) code: 254900VTOOM8GL8TVH59;

Registered office: Romania, Craiova 1 Tufanele street, Dolj county, zip code 200767

Duration of the company: unlimited

The shares issued by S.I.F. Oltenia S.A. are traded in the Premium category of the Bucharest Stock Exchange (BVB), SIF5 symbol.

Legislative references

The main normative acts and regulations considered for issuing this Corporate Governance Regulation are as follows:

- Law no. 31/1991 on companies, as subsequently amended and supplemented;
- Law no. 74/2015 on alternative investment fund managers;
- Law no. 24/2017 on financial instrument issuers and market operations;
- Law no. 62/2017 on the statutory audit of annual financial statements and consolidated annual financial statements and for the amendment of some regulatory documents;
- Law no. 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some regulatory documents;

- FSA Regulation no. 10/2015 on the management of alternative investment funds;
- Regulation no. 2/2016 on the application of the principles of corporate governance by entities authorized, regulated and supervised by the Financial Supervisory Authority;
- FSA Regulation no. 5/2018 on the issuers of finance instruments and balancing services operations;
- FSA Regulation no. 1/2019 on the evaluation and approval of members of the management structure and of persons holding key positions within the entities regulated by the Financial Supervisory Authority;
- FSA Regulation no. 7/2020 on the authorization and operation of alternative investment funds;
- The company's articles of association;
- The internal rules of S.I.F. Oltenia S.A.;
- The rules of procedure of the company's Board of Directors;
- The Bucharest Stock Exchange Governance Code;
- UE capital market regulations (EU Regulation 231/2013, EU Regulation 596/2016);
- Other normative acts that may have an impact on the company's activity and on how it is organized and operated.

The Regulation will be reviewed regularly so that it reflects legislative changes as well as changes in the company's organizational, management and control structure.

S.I.F. Oltenia S.A., as an issuer listed under the Premium category of BVB, is continuously concerned about compliance with the corporate governance principles of the Corporate Governance Code of BVB and Regulation 2/2016 on the enforcement of corporate governance principles by entities authorized, regulated and supervised by the FSA.

The company shall implement and maintain appropriate policies and procedures to ensure that members of the Board of Directors, of the senior management and persons holding key positions have the necessary professional competence and experience and meet the requirements of good reputation and integrity in accordance with the regulatory requirements on the capital market.

CHAPTER 1

CORPORATE GOVERNANCE STRUCTURES

1.1. THE MANAGEMENT SYSTEM

S.I.F. Oltenia S.A. is managed on the basis of a uniform system, in accordance with the provisions of the articles of association, ensuring the proper functioning of the company and the observance of good corporate governance practices.

The clear separation of responsibilities between executive and management, advisory committees, the stimulation of management through stock options, the information of shareholders and investors are elements leading to improved corporate governance practices.

The corporate governance structures of S.I.F. Oltenia S.A. are represented by the General Shareholder Meeting, the Board of Directors, the Advisory Committees and the Senior Management. The decision-making procedures and the organizational structure ensuring the division of functions, powers and responsibilities shall be detailed in this Regulation.

1.2. THE GENERAL SHAREHOLDER MEETING

The General Shareholder Meeting is the supreme management body of the company that will be set up and will function in accordance with the legal provisions in force.

General meetings shall be ordinary and extraordinary and may be convened whenever necessary in accordance with legal and statutory regulations. The powers of the general meetings of shareholders are specified in the articles of association and in the company's internal procedures, documents which can be consulted on the company's website www.sifolt.ro, Section About us - Corporate governance.

The Ordinary General Meeting shall meet at least once a year within the time limit laid down by the regulations and legal provisions.

In addition to the discussion of other items on the agenda, the Ordinary General Meeting shall:

- discuss, approve or amend the annual financial statements, based on reports submitted by the board of Directors and the financial auditor, and establish the value of dividends;
- elect and revoke members of the Board of Directors;
- appoint or dismiss the financial auditor and establish the minimum duration of the financial audit agreement;

- establish the **remuneration** of the members of the Board of Directors for the current year, if it has not been established according to the articles of incorporation;
- decide on the management of the Board of Directors;
- establish the incomes and expenses budget and the activity schedule for the following financial exercise, as the case may be;
- decide upon the pledge, lease or dismantling of one or several units of the company.

The Extraordinary General Meeting shall meet whenever required, in order to decide on:

- changing the Company's legal status;
- moving the Company's headquarters;
- changing the Company's scope of activity;
- increasing registered capital;
- reducing registered capital or restoring it by issuing new shares;
- merging with other companies or dividing the Company;
- anticipated dissolution of the company;
- conversion of shares from one category to another;
- conversion of a category of bonds into another category or shares;
- issuing bonds;
- any other changes in the articles of association or any other decision that requires approval from the Extraordinary General Meeting.

Requirements for convening, quorum and adoption of decisions

General meetings shall be convened on the basis of the decision of the Board of Directors in accordance with the regulations and legal provisions and the company's articles of association.

The General Meetings will be convened and held in accordance with the regulations and legal provisions.

The validity of the Ordinary General Meeting deliberations shall require the presence of shareholders holding at least one quarter of the total number of voting rights. The decisions of the Ordinary General Meeting are made with the majority of expressed votes.

If the Ordinary General Meeting cannot work because the requirements under the previous paragraph are not met, the meeting to be convened on the second call may deliberate on the issues on the agenda of the first meeting, irrespective of the quorum, and will make decisions with the majority of expressed votes.

For the deliberations of the extraordinary general assembly to be valid, the presence of shareholders holding at least a quarter of the total number of voting rights is needed upon the first call, and the presence of shareholders representing at least one fifth of the total number of voting rights is needed for the following calls. Decisions are made with the majority of votes held by attending or represented shareholders. Decisions on changing the company's main scope of activity, reducing or increasing registered capital, changing the legal status, merging, dividing or dissolving the company shall be made with a majority of at least two thirds of the voting rights held by attending or represented shareholders.

The organization and conduct of general meetings shall be governed by the laws on companies and the capital market and by the provisions of the Company's Articles of Association.

The procedures for participation in the General Meetings and voting shall be approved by the Board of Directors in accordance with the law on the exercise of shareholder rights.

The decisions of the General Meetings shall be taken by open vote or by secret ballot. A secret vote shall be required for the election of the Board of Directors and the appointment of the financial auditor, for their dismissal and for decisions on the liability of members of the administrative, management and supervisory bodies of the company.

The directors have a legal obligation to represent the interests of all shareholders and to ensure fair treatment of all shareholders.

1.3. THE MANAGING BOARD

The company shall be administered on a uniform basis by a Board of Directors including five members, natural persons, elected by the Ordinary General Meeting for a period of four years, with the possibility of re-election.

The members of the Board of Directors shall meet the minimum requirements relating to knowledge, skills and professional experience, good reputation, integrity and governance laid down by the regulations and legal provisions regarding the functioning of S.I.F. Oltenia S.A.

The Board of Directors will include most of the non-executive members, of which no less than two members will be independent. Independence will be determined in accordance with the applicable law as well as the company's internal regulations. The Board of Directors shall assess the independence of its non-executive members on an annual basis.

- **The Role and Obligations of the Board of Directors**

The members of the Board of Directors shall be elected by the Ordinary General Shareholder Meeting. They shall perform their duties and obligations after their approval by the Financial Supervisory Authority and the conclusion of a professional indemnity insurance policy to the company's benefit. The date from which members of the Board of Directors and directors shall exercise their duties shall be the date of authorization by the competent authority.

If a post of administrator becomes vacant, the Board of Directors shall be entitled to elect an interim member, who will hold this position until the General Shareholder Meeting will convene, which will elect a permanent member for a term of office equal to the remainder of the term of office of his/her predecessor. The interim administrator shall exercise his/her mandate from the date of authorization by the Financial Supervisory Authority until the next General Shareholder Meeting.

If the above-mentioned vacancy results in a decrease in the number of administrators under the threshold stipulated by the law, the remaining managers shall immediately call the Ordinary General Shareholder Meeting, to fill up the number of members of the Board of Directors.

The invalidation of one or more members of the Board of Directors by the competent authority shall lead, for those concerned, to the loss of the administrative capacity.

The Board of Directors shall elect from among its members a President and a Vicepresident. In accordance with the Articles of Association, the President will act as General Manager and the Vicepresident as Deputy General Manager.

The Board of Directors shall adopt decisions on each item on the agenda of meetings which shall be deemed valid if more than half of the members are present and voted by most of the attending.

The directors shall be remunerated for the work done; the monthly remuneration and other rights due to the directors shall be determined by decisions of the Ordinary General Shareholder Meeting of the company.

In the exercise of their mandate, the members of the Board of Directors shall have the option of being elected in the administration and management of the portfolio undertakings, subject to internal procedures to avoid conflicts of interest.

Members of the Board of Directors shall be entitled to recover the expenses incurred in the performance of their duties.

Each Director shall expressly accept the mandate. By accepting this capacity, each director shall assume the obligations laid down in the Articles of Association, the internal rules of the Board of Directors, the internal rules and the applicable legal provisions.

The Board of Directors shall meet at the company's head office or in another place to be convened in the call, and the meetings shall be convened and

held in accordance with the applicable legal provisions, as well as the internal rules of the Board of Directors. The members of the Board of Directors may be represented in the meetings of the board by other members based on a power of attorney. A member of the Board may represent only one other member in a meeting. The power of attorney will be sent to the Secretariat before the meeting begins. In urgent circumstances or where the directors are unable to attend the meeting, the President of the Board may decide that the meeting shall be held and that voting shall be transmitted by electronic means, in accordance with the procedure laid down in the rules of procedure of the Board of Directors.

The Board of Directors shall elect from among its members a President and a Vicepresident. The President will perform the function of General Manager of S.I.F. Oltenia S.A., and the Vicepresident will act as the Deputy General Manager.

The meetings shall be chaired by the President and, in his absence, by the Vicepresident.

The Board of Directors shall have full powers within the period between the General Meetings as regards the administration of the company, except for those which the law or the articles of association provide exclusively for the General Meeting, and shall be responsible for carrying out all documents necessary and useful for the achievement of the company's scope of activity.

The Board of Directors has the following general duties:

- a)** establishing the company's main directions for activity and development, including the investment strategy;
- b)** establishing the accounting policies and the financial control system, as well as approving the financial planning;
- c)** the appointment and dismissal of managers in the sense of the Law no. 31/1990 and the determination of their remuneration within the limits established by the Ordinary General Meeting of Shareholders;
- d)** supervising the directors' activity;
- e)** the preparation of the annual report, the organization of the General Shareholder Meeting and the implementation of its decisions;
- f)** the filing of the application for the opening of the insolvency proceedings of the Company, according to the applicable legal provisions;
- g)** the exact performance of all the duties assigned to the Board of Directors by the General Shareholder Meeting;
- h)** the establishment /dissolution of branches and other secondary establishments without legal personality, or the change of their headquarters;
- i)** the establishment and approval of voting procedures within the General Shareholder Meeting;

j) the decision to set up other companies or legal persons, including the participation in the share capital of other companies, under the conditions provided by the legal regulations;

k) acts of acquisition, transfer, exchange or guarantee of assets belonging to the category of the company's fixed assets, the amount of which exceeds, individually or in aggregate, during a financial year, 20% of the total of the fixed assets, excluding claims, are entered by the company's directors or managers only after prior approval by the Extraordinary General Shareholder Meeting pursuant to Article 90 (1) of Law no. 24/2017, or any legal provisions in force at the time the documents were drawn up.

l) leases of tangible assets, for a period exceeding one year, the aggregate or individual value of which in relation to the same co-contractor or persons involved or acting in concert exceeds 20% of the value of the total fixed assets, less claims on the date of conclusion of the legal act, as well as associations for a period of more than one year, exceeding the same value, are approved in advance by the Extraordinary General Shareholder Meeting according to Article 90 (2) of Law no. 24/2017, or any legal provisions in force at the time of drawing up the documents.

m) the conclusion of contracts with the depository, the financial auditor and the entity keeping the records of the shareholders;

n) the approval of the internal regulations of the Company, the organization chart, the internal regulations of the Board of Directors and the working policies/procedures;

o) the negotiation of the collective employment agreement;

p) the settlement of any other issues set by the General Shareholder Meeting or by legal regulations or provisions.

q) approve the conclusion of any acts of acquisition or disposal of property, including securities or other financial instruments, the value of which exceeds, individually or cumulatively, the amount of 5 million RON when linked.

The powers referred to in points (a) to (f) are basic powers which cannot be delegated.

The Board of Directors shall have the following responsibilities for the application of the principles of corporate governance:

a) responsibilities for ensuring the strategic management of the company and meeting the objectives set by the General Shareholder Meeting;

b) the preparation of the company's business plan and the obligation to carry out an assessment of its financial position;

c) is responsible for ensuring that an appropriate framework is in place to verify the application of the specific legislation on reporting to the FSA and the

information provided to the FSA, at its request, on certain actions taken by the company;

d) is required to establish relevant criteria for monitoring the performance of the senior management and the company as a whole and to assess annually how the criteria are applied;

e) analyse the adequacy, efficiency and updating of the risk management system with a view to the effective management of the assets held by the undertaking and how to manage the associated risks to which it is exposed;

f) analyse the internal control system to be set up at the company level and ensure that it is independent of the organizational and support structures it controls and monitors;

g) ensure that the requirements for outsourcing/delegation of operational activities or functions are met both before it is carried out and throughout the outsourcing/delegation;

h) analyse and determine the company's remuneration policy in such a way that it is consistent with the business strategy, long-term objectives and interests and includes measures to prevent conflicts of interest. The Board of Directors shall also ensure that all remuneration commitments are properly and responsibly structured and that remuneration policies permit and promote effective risk management without leading to risk taking beyond the company's risk tolerance level;

i) the Board and the Senior Management, as appropriate, are required to communicate with stakeholders on the basis of a communication strategy ensuring at least fair treatment of shareholders and stakeholders, timely disclosure of information and transparent communication framework;

j) approve the company's appetite and limits for risk tolerance, as well as the procedure for identifying, assessing, monitoring, managing and reporting material risks to which the company is or may be exposed;

k) develop clear action plans to ensure business continuity and for emergency situations to eliminate or minimize risks, which are evaluated on a six-monthly basis by the Board and the senior management.

l) has a responsibility to ensure that ethical and professional standards are developed and applied in order to determine professional and responsible behaviour at the company level in order to prevent conflicts of interest.

The Board of Directors shall retain the power of representation of the company in relation to the managers.

The Structure of the Board of Directors

The directors of S.I.F. Oltenia S.A. must meet the requirements in terms of competence, integrity, qualifications and professional experience laid down in the regulations governing the operation of the company.

The members of the Board of Directors shall have appropriate knowledge of the company's activities, in particular of the main risks associated with those activities.

Main incompatibilities for the members of the Board of Directors:

a) they must not be members of the Board of Directors/Supervisory Board or directors/members of the management of another AIFM/investment management company/investment company or of a credit institution acting as depository for one of the managed collective investment undertakings, they must not be members of the Board of Directors/Supervisory Board of a S.S.I.F. with which the AIFM/AIS has entered a financial intermediation contract and must not be employed or have any contractual relationship with another A.I.S. or an investment company, except for other entities belonging to the same group;

b) incompatibilities expressly provided for by the laws and regulations governing the operation of S.I.F. Oltenia S.A.

The criteria of independence within the meaning of the provisions of art. 138² of Law no. 31/1990 R and the Corporate Governance Code of the Bucharest Stock Exchange are:

a) not be a director of the company or of a company controlled by it and not have been in such a position in the last five years;

b) they must not have been an employee of the company or of a company controlled by it or have had such an employment relationship in the last five years;

c) not receive or have received from the company or from a company controlled by it any additional remuneration or benefit other than that corresponding to its non-executive status;

d) not be a significant shareholder in the company;

e) have or have had, during the last year, no business relations with the company, or with a company controlled by it, either personally or as an associate, shareholder, administrator, a director or employee of a company having such relations with the company if, by reason of their substantial nature, they are liable to affect his/her objectivity;

f) not be or have been, for the last three years, a financial auditor or an employed associate of the current financial auditor of the company or of a company controlled by it;

g) be a director of another company in which a director of the company is a non-executive director;

h) have not been a non-executive director of the company for more than three terms;



i) have no family relationship with a person in one of the situations referred to in points (a) and (d);

j) all Board members should submit to the Council information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board of Directors.

The composition of the Board of Directors shall represent a balance in terms of competence, experience, gender diversity, knowledge and independence of its members which enable them to carry out their duties and responsibilities effectively.

Most members of the Board of Directors are non- executive. A non-executive director shall be a Member of the board who shall not be involved in the day-to-day executive management of the company. Within the meaning of Law no. 31/1990 R, non-executive board members are those directors who have not been appointed directors. By virtue of their independence, they are objective and assess the performance and economic interests of society without being in conflict of interest and without being influenced by stakeholders. The Company's Board of Directors also includes independent administrators. Independence criteria shall be laid down in the company's internal rules.

Only non-executive administrators can be considered independent. To this purpose, each of the independent administrators should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered to be independent. The company's administrators must also submit to the President of the Board of Directors a statement of any relation they may have with persons who directly or indirectly hold shares representing at least 5 % of all the voting rights of the company.

The President of the Board of Directors has the following main attributions:

- coordinate the work of the Board of Directors, ensure the proper functioning of the bodies of the company;
- manage the works of the General Shareholder Meetings in accordance with the provisions of Law no. 31/1990 R and the Articles of Association;
- convene and direct the meetings of the Board of Directors;
- propose the secretary of the Board of Directors;
- ensure the enforcement of the decisions of the General Shareholder Meeting and the Board of Directors;
- carry out, in compliance with legal provisions, any other duties laid down by the General Shareholder Meeting or the Board of Directors.

Executive administrators are members of the Board who, in an executive capacity, are responsible for carrying out the day-to-day business and for the effective management of the company. They shall have the same duties as other members of the Board. When engaged in the activities of the Board, these duties shall extend to the whole of the activity, not only to the part which is covered by individual executive roles.

The Board of Directors shall hold ordinary and extraordinary (special) meetings. Ordinary meetings will take place at least once every three (3) months and extraordinary (special) meetings whenever necessary.

The agenda shall be drawn up and the meetings of the Board of Directors shall be subject to the provisions of internal laws and regulations.

The meeting shall be convened by the President (or Vicepresident, if the president is absent). The Board of Directors shall also be convened at the reasoned request of at least two of its members, the President being obliged to act on such request.

The President and, in his/her absence, the Vicepresident shall chair the meetings of the Board of Directors.

The members of the Board of Directors may be represented in the meetings of the board by other members. An attending member may represent only one absent member.

In case of even votes and if the President does not have a decisive vote, also holding the position of General Manager, the submitted proposal shall be rejected.

The Board of Directors, with all the directors present, will annually dedicate a meeting to carry out the review of the management structure (Board of Directors and senior management) drawn up by the Nomination and **Remuneration** Committee in accordance with the FSA Regulation no. 1/2019.

The assessment review drawn up by the Nomination and **Remuneration** Committee will be coordinated by the President of the Board, who will seek the opinion of each individual administrator.

The President and, in his absence, the Vicepresident shall represent the company in relations with third parties. The Vicepresident shall replace the President and assume his/her duties and responsibilities when s/he is absent.

- **The Policy for the Remuneration of the Members of the Management Board**

The level of remuneration must be set in accordance with the responsibilities, obligations and commitments of the related tasks and be sufficient to attract, retain and motivate competent and experienced persons within the Board.

The remuneration policy shall highlight the way in which members of the Board of Directors are remunerated for the work carried out in the company.

The remuneration policy includes:

- a fixed remuneration received by each member of the board on the basis of individual performance linked to collective performance;
- and
- a variable remuneration which must correspond to the business strategy, objectives and long-term interests of the company and prevent conflicts of interest.

The remuneration of the members of the Board of Directors is approved by the General Shareholder Meeting.

The Board of Directors shall ensure that all commitments regarding remuneration are properly structured and that remuneration policies permit and promote an effective management of the company. The Nomination and Remuneration Committee shall submit proposals to the Board of Directors regarding remuneration (including bonuses, incentives and share purchase options) as well as on the total annual variable remuneration package to be granted within the company.

The fixed remuneration and variable remuneration, as approved by the General Meeting, are specified in the remuneration policy. In the meeting of the OGSM of 29.10.2020, the decision no. 6 approved the monthly remuneration of the members of the Board of Directors at the level of 10,000 RON net monthly. The additional remuneration of the members of the Board of Directors forming part of the Board's advisory committees was set at 5% of the monthly allowance of the respective director. The members of the Board of Directors are also subject to the provisions of the Articles of Association and the Collective Employment Agreement of the Company, where applicable (travel, transport, accommodation expenses, etc.).

In order to achieve the net profit indicator, directors have the right to receive as a whole an additional incentive in the form of the annual participation to profit, of 0.5% of the net profit achieved, subject to its approval in Ordinary General Shareholder Meeting for the approval of the annual financial statements. The fund will be determined and recorded as a provision from the gross profit, so that the realization of the net profit established through the Income and Expenditure Budget is not jeopardized. The fund will be paid out after approval of the annual financial statements.

If the Ordinary General Shareholder Meeting decides to distribute dividends to shareholders, the payment of the incentives is conditional on the start of the dividend payment.

Administrators are required to take out professional indemnity insurance at the level of 10 gross monthly allowances.

1.4. ADVISORY COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors may set up advisory committees in accordance with the relevant legal provisions.

The Board of Directors of S.I.F. Oltenia S.A. includes: the Audit Committee, the Nomination and Remuneration Committee and the Investment Policies - Strategies Committee.

- **The Audit Committee**

The Audit Committee shall be a standing committee, independent from the senior management of the company, which shall assist the Board of Directors in carrying out its responsibilities in the fields of external and internal audit, financial reporting, compliance and risk management.

The Board of Directors shall appoint and remove from among its members the members of the Audit Committee. The members of the Committee shall be appointed for a period not exceeding the term of office for members of the Board of Directors. The term of office of a Member of the Audit Committee may be renewed at the same time as his/her term of office as a Member of the Board of Directors, subject to the limitations imposed by the applicable legislation in relation to the fulfilment of the requirement of independence.

The Audit Committee shall have an advisory role and shall consist of three (3) members, non-executive directors and at least one of its members shall have proven competence in accounting and auditing. The President of the Committee shall be an independent non-executive director.

The Audit Committee shall meet in meetings as often as necessary, but at least four times a year. The meetings of the Audit Committee shall be convened by its president.

The secretariat of the Audit Committee shall be provided by a Secretary, usually the Secretary of the Board of Directors, who shall ensure that all technical operations are carried out for the proper conduct of the meetings.

Any Member of the Board of Directors may attend the meetings of the Audit Committee without the right to vote but with the right to participate in the discussions.

The Audit Committee shall have the following main tasks and responsibilities:

- carry out an annual assessment of the internal control system;
- carry out an annual assessment of the compliance system and risk management system in the company;
- receive and evaluate the reports of the internal auditor;

- assess conflicts of interest in relation to the company's transactions;
- inform the members of the Board of Directors of the results of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the Audit Committee in this process;
 - monitor the financial reporting process and submit recommendations or proposals to ensure its integrity;
 - monitor all aspects of the effectiveness of compliance systems, risk management systems and, where appropriate, internal audit in relation to the financial reporting of the company, without infringing their independence;
 - monitor the statutory audit of the annual financial statements and consolidated financial statements, in particular its performance, taking into account the findings and conclusions of the competent authority, in accordance with Article 26(6) of Regulation (EU) no. 537/2014;
 - assess and monitor the independence and objectivity of financial auditors or audit firms in accordance with Articles 21 to 25, 28 and 29 of Law no. 162/2017 and Article 6 of Regulation (EU) no. 537/2014, and in particular the appropriateness of providing non-audit services to the S.I.F. Oltenia S.A. in accordance with art. 5 of Regulation (EU) no. 537/2014;
 - be responsible for the selection procedure of the financial auditor or audit firm. In this regard, it shall advise the Board of Directors on the selection, appointment and replacement of the audit firm to be submitted for approval by the General Shareholder Meeting;
 - support the Board of Directors in the performance of its duties, in the efficient management of the company's financial reporting, compliance and risk management;
 - review the audit report and the opinion of the financial auditor, his/her findings and recommendations;
 - advise the Board of Directors on the assessment that the annual report and the annual financial statements taken as a whole are correct, balanced and provide all the information necessary for the shareholders' assessment of the company's performance, model and business strategy;
 - undertake an annual assessment that should consider the effectiveness and scope of the internal audit function, the adequacy of the risk management and compliance reports to the Audit Committee, the senior management's promptness and effectiveness in dealing with the internal control failures identified upon the control of the compliance officer and the presentation of relevant reports to the Board of Directors;
 - assess conflicts of interest in relation to the transactions of the company, its administrators, directors and its employees with related parties;
 - monitor the enforcement of legal standards and internal audit standards,

receive and evaluate the reports of the internal auditor;

- approve the Internal Audit Charter, endorse the Control Plan and the Internal auditor's Declaration of independence;
- receive the internal audit reports, review and endorse the findings and recommendations of the internal audit and the action plan for their implementation;
- consider and endorse the Compliance Officer's Annual Report and Investigation Plan;
- receive reports from the Compliance Officer, analyse and endorse the findings and recommendations made and the action plan for their implementation;
- review and evaluate the risk manager's annual report, independence and efficiency, and endorse the risk monitoring plan of the risk manager;
- receive the reports of the risk manager, review and endorse the findings and recommendations of the risk manager and the proposed action plan for their implementation;
- monitor the capital market reporting process of S.I.F. Oltenia S.A.;
- perform a compulsory assessment of the Annual Report on the internal auditor's work, the Annual Report of the Compliance Office's work and the annual report of the risk management system;
- review the annual report regarding the conditions under which compliance work is carried out;
- analyse and take into account (at least once a year) the risk strategy, the compliance risk policy and its implementation, the status of the compliance function and the compliance programme;
- consider whether the company is within the risk tolerance limits determined according to the overall risk appetite in accordance with the requirements specific to the applicable law.

The Audit Committee shall draw up an annual report on the work carried out, including the recommendations made and addressed to the Board of Directors regarding internal audit, compliance, risk management and financial audit. The Board of Directors takes note of this report and it will be sent to FSA within 6 months of the end of the financial year.

- **The Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall have an advisory role, being set up to assist the Board of Directors in carrying out its roles and duties with regard to the nomination and assessment of the suitability of members of the Board of Directors and of persons holding key functions in the company, as well as to ensure the Board that the remuneration of the executive directors is set at the

right level and that the company uses a balanced combination of incentives to attract and retain the staff it needs for its operations.

The Nomination and Remuneration Committee shall carry out its duties under the supervision of the Board of Directors. The Board of Directors shall approve and revoke the members of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee shall consist of 2 (two) directors, non-executive and independent members.

Members of the Committee shall not, during their term of office, hold office, capacity or conduct transactions which may be considered incompatible with the Committee's mission. Membership of the Nomination and Remuneration Committee shall not prevent members from participating in the work of other committees of the Board of Directors.

Each Member shall be approved for a term not exceeding the term of office as a Member of the Board of Directors.

The Nomination and Remuneration Committee shall meet in meetings as often as necessary, but at least twice a year. The secretariat of the Nomination and Remuneration Committee shall be provided by a Secretary, usually the Secretary of the Board of Directors, who shall ensure that all technical operations are carried out for the proper conduct of the meetings.

Any Member of the Board of Directors may attend the meetings of the Nomination and Remuneration Committee without the right to vote.

Depending on the agenda of the meeting, other persons from S.I.F. Oltenia S.A. can attend the meeting without the right to vote. The President will decide whether to invite other persons to the meeting.

The Nomination and Remuneration Committee shall have the following powers and responsibilities the enforcement in relation to the nomination:

- Assist the Board of Directors with the identification of successors in the selection process for the appointment of new directors;

- prepare recommendations on the policy of nominating administrators and directors in accordance with the requirements of applicable legal and capital market regulations in relation to the work carried out by S.I.F. Oltenia S.A.;

- actively contribute to the selection of candidates for vacant management positions in cooperation with the Human Resource Department and provide the following:

- a) a description of the roles and skills required to designate a particular function;

- b) assess the adequacy of the knowledge, skills and experience of the management structure;

- c) assess the adequacy of the time devoted to the performance of

tasks;

d) pursue objectives in terms of diversity of management structure.

- submit to the meeting of the Board of Directors a report of the evaluation of the candidates for the position of directors of the company, to be approved by the board.

- ensure that persons applying as a Member of the Board of Directors have the necessary training and experience to carry out their duties. New members of the Board of Directors shall be given the information required to familiarize themselves with the business and operations of the company. The Committee shall, if necessary, take steps to ensure that they receive further training;

- prepare annually the evaluation of the performance of the members of the Board of Directors using a self-assessment process;

- assess, at least once a year, the independence of the members of the Board of Directors;

- verify, at least once a year, the number of mandates held by members of the Board of Directors in other companies;

- carry out other tasks in connection with the appointment or dismissal of members of the Board of Directors on his/her instructions.

Tasks and responsibilities in the field of remuneration

- make proposals to the attention of the Board regarding the remuneration of each director and member of the senior management, including bonuses, incentives and share purchase options;

- analyse and submit proposals to the Board regarding the total annual variable remuneration package to be granted in the company;

- analyse and submit proposals to the Board regarding the total annual variable remuneration package to be granted in the company;

- analyse and submit proposals to the Board (through the Board, to the General Shareholder Meeting, as appropriate) on programmes for the granting of options for the purchase of shares by the company's directors and employees;

- proposes performance targets for the award of cash remuneration to be awarded in accordance with such targets or proposes targets for the award of shares or share purchase options;

- proposes the periodic review of the remuneration of executive directors and other remuneration elements, including severance payments and pension plans;

- make proposals to the attention of the Board on any remuneration policy applicable in the company;

- review the annual report on remuneration.

If irregularities are reported in the design and implementation of the remuneration policy, the Nomination and Remuneration Committee shall inform the senior management and the Board of Directors in writing and shall seek to remedy them.

- **The Investment Policies - Strategies Committee**

The Investment Policies - Strategies Committee shall be set up as an advisory committee of the Board of Directors and shall assist the Board of Directors in carrying out its responsibilities in the field of investment strategy-making and policy-making, in the follow-up to decisions on the enforcement of the investment policy, in the review of the performance of the portfolio of financial instruments and the management of the related risks, and proposes possible investments in accordance with the investment strategy of S.I.F. Oltenia S.A..

The Investment Policies - Strategies Committee consists of two non-executive directors. The members of the Investment Policies - Strategies Committee shall have recent and relevant practical experience in the capital market and be familiar with the organizational and functional structure of the company.

Members of the Committee shall not, during their term of office, hold office, capacity or conduct transactions which may be considered incompatible with the Committee's mission. Membership of the Investment Policies - Strategies Committee shall not prevent members from participating in the work of other committees of the Board of Directors.

Each Member of the Investment Policies - Strategies Committee shall be approved for a term not exceeding his/her term of office as a Member of the Board of Directors.

The Investment Policies - Strategies Committee shall meet whenever necessary, at least every three months, at the request of the Committee's President. The Investment Policies - Strategies Committee may also meet at the request of the Board of Directors or whenever the President of the Board considers it necessary.

The secretariat of the Investment Policies - Strategies Committee shall be provided by a Secretary, usually the Secretary of the Board of Directors, who shall ensure that all technical operations are carried out for the proper conduct of the meetings.

Any Member of the Board of Directors may attend the meetings of the Investment Policies - Strategies Committee without the right to vote but with the right to participate in the discussions. Depending on the agenda of the meeting, other persons from S.I.F. Oltenia S.A. can attend the meeting without the right to

vote. The President of the Committee will decide whether to invite other persons to the meeting.

The Investment Policies - Strategies Committee shall have the following general tasks and responsibilities:

- issue recommendations to the Board of Directors on the annual/multiannual investment strategy ;
- issue recommendations to the Board of Directors concerning new investment/disinvestment programmes/projects which are within the Board of Directors' approval competence;
- issue recommendations to the Board of Directors on maximising the performance of the portfolio of financial instruments;
- analyse the investment/divestiture proposals submitted by the Investments, Transactions and Net Asset Calculation Directorate to the Board of Directors, prior to their submission for analysis and decision to the Board of Directors;
- analyse the risk and secure the financial resources for the implementation of investment proposals;
- periodically analyse the investments made (investments), the composition of the company's portfolio and its classification in the company's risk strategy;
- analyse the compliance with the competence limits, with reference to trading operations (securities acquisition and sale) by senior management related to trading (acquisition and sale) on the capital market and acquisition and sale of shares held by S.I.F. Oltenia S.A. in closed companies, operations established by decisions of the General Shareholder Meeting or the Board of Directors;
- analyse the enforcement of the company's investment strategy approved by the General Shareholder Meeting or the Board of Directors;
- in order to draw up the recommendations addressed to the Board of Directors, it shall carry out documentation and investigations in the fields within its scope of competence.

The Investment Policies - Strategies Committee shall draw up and submit to the Board of Directors, on a six-monthly basis, a summary report on its work .

1.5. THE SENIOR MANAGEMENT

- **The Competence of the Senior Management**

The senior management of the company shall be ensured, in accordance with the provisions of the Articles of Association, the internal regulations and the laws in force, by two managers, i.e. the General Manager and the Deputy General Manager.

The Board of Directors will delegate the senior management to two managers by appointing a General Manager and a Deputy General Manager. The managers (senior management) will be appointed from among the directors. The President of the Board of Directors shall also serve as General Manager, and the Vicepresident of the Board of Directors shall also serve as Deputy General Manager.

The General Manager and the Deputy General Manager shall perform their duties under the contract of office, and the power to terminate them with the persons concerned shall belong to the Board of Directors. The maximum remuneration limits for these functions will be set by the General Shareholder Meeting.

The President/General Manager and, in his/her absence, the Vicepresident shall represent the company in relations with third parties. The senior management (the General Manager and the Deputy General Manager) shall be authorized by the regulatory authority.

The duties and responsibilities of the senior management shall be determined by the Board of Directors and shall be laid down in the internal rules of the company.

The General Manager

The General Manager shall be appointed by the Board of Directors and, in accordance with the company's Articles of Association, shall also be chairman of the Board of Directors.

The General Manager shall mainly have the following duties:

- engage and represent the company in relations with third parties;
- is responsible for the management and smooth running of the Company's activities, including for the implementation of policies, strategies, and for reaching goals;
- ensure the actual management of the company;
- provide the Board with qualitative and quantitative information in a timely manner, at its request or on its own initiative following the performance of the tasks in an operational and efficient manner;
- be responsible for the completeness and correctness of the reporting and other information on the company's activity and financial situation, in accordance with the applicable specific legislation;
- ensure that the information provided to the FSA, at its request, regarding certain actions taken by the company, is available under the specific

legislation applicable to each category of regulated entities and that the deadline for reporting information is met;

→ establish and enforce internal procedures for the assessment of good reputation and integrity for both its staff in key positions and for the staff in outsourced key positions;

→ undertake legal acts and deeds for the realization of the company's scope of activity, within the limits laid down in the normative acts, the Company's articles of association, the internal regulations and the contract of mandate;

→ coordinate the internal functional organization of the company, including the work of executive directors;

→ appoint, promote and release the staff of the company, while determining the remuneration of the staff employed of the company;

→ approve the company's collection and payment operations;

→ directly coordinate the work of the Economic Department and the Legal Directorate;

→ negotiate and reward employees, within the limits set by the Board of Directors, the collective employment agreement of the company;

→ establish and ensure the representation of S.I.F. Oltenia S.A. in general meetings, boards of directors and committees of auditors in the portfolio companies,

→ provide a special mandate to the company's representatives in general meetings of shareholders at the companies where S.I.F. Oltenia S.A. is a shareholder;

→ endorse the materials shown to the Board of Directors;

→ monitor and inform the Board of Directors on how the adopted decisions are complied with;

→ arrange for and approve the internal and external travel of the company's staff required for the performance of the business of the company, professional training or participation in various events: conferences, symposia, economic missions, etc.;

→ verify and sign the accounts, financial and economic reports and those required by the BVB and/or the FSA;

→ propose to the Board of Directors that disciplinary, administrative or other measures be taken against the executive directors of the company;

→ order administrative, disciplinary or other measures, within the limits of the law, to be enforced against the employees of the company;

→ ensure that the General Shareholder Meetings of S.I.F. Oltenia S.A. are carried out in good conditions;

→ carry out, in compliance with legal provisions, any other duties laid down by the General Shareholder Meeting or the Board of Directors.

The Deputy General Manager

The Deputy General Manager shall also be the Vicepresident of the Board and alone, in the absence of the General Manager or together with the General Manager, shall represent the company in dealings with third parties.

The Deputy General Manager shall mainly have the following duties:

→ ensure the effective management of the company alone or jointly with the General Manager;

→ undertake legal acts and deeds for the achievement of the company's scope of activity, within the limits laid down in the normative acts, the Company's articles of association, the internal regulations and the contract of mandate;

→ coordinate the work of the Portfolio Monitoring and Human Resources - Logistics Departments and, in the absence of the General Manager, the activities of the other structures of the society;

→ appoint and release from office the staff of the company by determining their remuneration, in the absence of the General Manager;

→ engage and represent the company in relations with third parties;

→ approve the company's collection and payment operations in the absence of the General Manager;

→ establish and ensure the representation of S.I.F. Oltenia S.A. in general meetings, boards of directors and committees of auditors in the portfolio companies, in the absence of the General Manager;

→ propose to the General Manager and, in his/her absence, impose disciplinary, administrative or other sanctions against the employees of the company in the compartments s/he coordinates directly, and, in the absence of the General Manager, also against the employees from other divisions;

→ decide and follow the determination of the powers of all employees of the company in the absence of the General Manager;

→ arrange for and approve the internal and external travel of the company's staff required for the performance of the business of the company, professional training or participation in various events: conferences, symposia, economic missions, etc., in the absence of the General Manager;

→ verify and sign the accounts, financial and economic reports and those required by the BVB and/or the FSA;

→ decide and follow the determination of the powers of all employees of the company in the absence of the General Manager;

→ approve the granting of individual prizes to the employees of the company together with the General Manager;

→ carry out, in compliance with legal provisions, any other duties laid down by the General Shareholder Meeting or the Board of Directors.

- **The Policy for the Remuneration of the Senior Management**

The senior management (the General Manager and the Deputy General Manager) shall perform their duties under the contract of office, and the power to enter such contracts with the concerned persons shall belong to the Board of Directors.

The maximum remuneration limits for these functions will be set by the General Shareholder Meeting. According to the order no. 5 of the OGSM of 29.10.2020, the senior management's allowances are set at the level of 12 gross average wages per company for the position of General Manager and 9 gross average wages per company for the position of Deputy General Manager. The actual level of engagement shall be determined by the Board of Directors.

In the case of the achievement of the net profit established by the Income and Expenditure Budget by the Ordinary General Meeting of Shareholders, the senior management members will have the right to an additional individual incentive in the amount of 0.1% for the General Manager and 0.075% for the Deputy General Manager of the capitalized value of the Company calculated on the basis of the average share quotation for the Company's shares at the Bucharest Stock Exchange, registered in the respective financial year. The fund will be determined and recorded as a provision from the gross profit, so that the realization of the net profit established through the Income and Expenditure Budget is not jeopardized. The additional payment will be made after the approval of the annual financial statements, conditional on the start of the payment of dividends to the company's shareholders.

The contract of mandate of the senior management also stipulates the company's obligation to create all the necessary conditions for carrying out the management act (work office with all the necessary facilities, car, access to communication and information media, etc.), with the Board of Directors having the power to establish them. The provisions of the Articles of Association and the collective employment agreement of the company also apply to the senior management.

CHAPTER 2

KEY POSITIONS

2.1. THE COMPLIANCE OFFICE

The Compliance Office shall ensure the supervision of the compliance by S.I.F. Oltenia S.A. and its staff with the legislation applicable to the capital market and the applicable internal rules and procedures.

The work of the Office shall be coordinated by a head of office appointed by decision of the Board of Directors on a proposal from the General Manager.

The employees of the Office shall report directly to the Board of Directors and to the senior management through the head of office.

The person who is appointed head of the Compliance Office shall be authorized by the regulatory authority and entered in the FSA register. The other persons working in the Compliance Office shall not be required to be subject to authorization by the FSA.

In accordance with the provisions of the conflict of interest procedure, the compliance officer may not hold remunerated positions with companies in the portfolio of S.I.F. Oltenia S.A.

In the event that the Head of the Office is unavailable and if no other employees authorized by the FSA according to the regulations in force are available in the Office, the General Manager and, in his/her absence, the Deputy General Manager, will provisionally exercise the powers of office, subject to the legal provisions relating to the period of exercise (3 months in a calendar year) and with prior notification to the FSA.

The Head of the Compliance Office shall have the required authority, resources and experience and unlimited access to all relevant information. His/her objectivity shall not be affected by the method of determining the remuneration granted.

The Compliance Office shall regularly monitor and evaluate the adequacy and effectiveness of the established measures, policies and procedures and the actions taken to address deficiencies in the company's compliance with its obligations.

The principal tasks of the Head of the Compliance Office shall be:

- carry out regular control and continuous control activities aimed at activities within the undertaking in order to avoid situations of non-compliance;
- advise the relevant persons and assist them in complying with the undertaking's obligations under the applicable legal provisions;
- act, in accordance with the powers laid down, to prevent and propose measures to remedy any infringement of the laws, regulations in force regarding the capital market or the internal proceedings of the company, both by the company and its employees;
- ensure that the company and its employees are informed of the legal status applicable to the capital market;

- endorse the documents submitted by the company to the regulatory authority with a view to obtaining the permits set out by FSA regulations and ensure that the reports which the company is required to transmit to the FSA and to capital market entities are forwarded by the legal deadline stipulated by the regulations in force;

- analyse and endorse the information/publicity materials of the company;
- maintain direct contact with the FSA;

- draw up, according to the investigation plan, verification notes related to aspects of the activity carried out at the level of the Company, which it submits to the senior management and, after its approval, submit them to the Audit Committee for the analysis and evaluation of the activity;

- draw up the Annual Report and the Investigation Plan for the following year, which are submitted to the Audit Committee for analysis, assessment and endorsement of the activity. Within 60 days of the end of each year, it shall submit the report on the carried out work to the senior management.

The Report and the Investigation Plan approved by the Board of Administration are forwarded to the Financial Supervisory Authority by March 31st of each year.

The Head of the Compliance Office shall be responsible for the establishment and management of the Single Register of Petitions in secure electronic form, the Register of investigations, the Register of personal transactions of the relevant persons in the company, the Register of conflicts of interest.

The person within the company who carries out the duties of Head of Compliance Office shall also perform the duties of ML/TF compliance Officer and shall be notified to the FSA.

The Head of the Compliance Office shall inform all employees of the company on the policies, mechanisms and procedures to prevent and combat ML/TF, upon employment and whenever changes occur, and shall implement knowledge verification procedures.

2.2. THE RISK MANAGEMENT DEPARTMENT

S.I.F. Oltenia S.A. has established, within its organizational chart, the permanent position of risk management, which is hierarchically and functionally independent from the other departments of the Company.

The appointment of the risk manager shall be carried out by the President/General Manager, with the approval of the company's Board of Directors, and the concerned person shall exercise his/her duties only after authorization by the Financial Supervisory Authority, under the conditions required by the legal regulations in force.

In the event of temporary unavailability of the risk manager one of the directors or other employee with adequate knowledge and professional experience shall provisionally fulfil the function of risk manager for no more than 3 months in a calendar year. The director in charge with the coordination and supervision of the portfolio management function of the company may not temporarily take over the functions of the risk management function. The person provisionally performing this function shall be notified to the FSA.

The permanent risk management function shall have the necessary authority and access to all relevant information necessary to:

- implement effective risk management policies and procedures in order to identify, measure, manage and continuously monitor all risks relevant to the investment strategy of S.I.F. Oltenia S.A. and to which the company is or may be exposed,

- ensure that the risk profile of S.I.F. Oltenia S.A. communicated to investors complies with the quantitative and/or qualitative risk limits set by the company's management body, taking into account all relevant risks;

- monitor compliance with the established risk limits and notify the senior management and Board of Directors in due time if they consider that the risk profile of S.I.F. Oltenia S.A. does not comply with these limits or if there is a significant risk that the risk profile will become non-compliant with these limits.

The person responsible for risk management shall communicate to the members of the senior management and the Board of Directors at a frequency appropriate to the nature, scale and complexity of the business of the company information on the following matters:

- the compliance by S.I.F. Oltenia S.A. with the risk profile communicated to investors, the established risk limits and the consistency between those limits;

- the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate corrective measures have been or will be taken in the event of existing or anticipated deficiencies.

The person responsible for risk management shall periodically communicate to the senior management information on the current level of risks to which the undertaking is exposed and any existing or foreseeable excesses of the established risk limits, in order to ensure that appropriate and rapid action can be taken.

The risk management policy of S.I.F. Oltenia S.A.

S.I.F. Oltenia S.A. establishes, implements and maintains an adequate and documented risk management policy that identifies all relevant risks to which the company may be exposed.

The risk management policy includes the procedures necessary for the company to assess the exposure to: market risk, liquidity risk, credit risk and the exposure of S.I.F. Oltenia S.A. to all other relevant risks that may be significant for the company, including operational and reputational risks.

S.I.F. Oltenia S.A. has in place and continuously develops adequate risk management systems to properly identify, assess, manage and monitor all likely risks to the existing investment and portfolio strategy, linked to the investment strategy.

The management of the company considers risk management to be an integral part of good governance and management best practices.

The risk management policy includes:

- adequate and effective techniques, processes, tools and measures to identify, measure, manage and monitor the risks to which the undertaking is or might be exposed, including ensuring compliance with the quantitative and qualitative risk limits set to cover all relevant risks;
- the allocation of risk management responsibilities within the company;
- the quantitative and qualitative risk limits set to cover all relevant risks and the compliance of the company with the risk profile disclosed to investors;
- the terms, content, frequency and recipients of the reports drawn up by the permanent risk management function.

Risk monitoring shall be carried out at each level of the hierarchy. Internal reporting of risk exposure is made on a continuous basis, on each line of business, as the Company's management is constantly informed about the risks that may arise in the course of the business.

The frequency of the periodic review shall be determined by senior management, in accordance with the principle of proportionality, having regard to the nature, size and complexity of the business of S.I.F. Oltenia S.A.

Risk management systems shall also be reviewed when:

- the risk management policies and procedures and the measures, processes and techniques used are subject to significant, adequate and effective changes;
- internal or external events indicate that a further review is necessary;
- the investment strategy and objectives of S.I.F. Oltenia S.A. are subject to significant changes.

S.I.F. Oltenia S.A. shall update the risk management systems and inform the competent authority of any significant changes in risk management policies and procedures.

Safeguards against conflicts of interest in risk management

S.I.F. Oltenia S.A. establishes, maintains and applies effective organizational and administrative arrangements with a view to adopting all reasonable measures designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the company and its investors. The company has separated, within the working environment, tasks and responsibilities which may be considered incompatible or potentially give rise to systemic conflicts of interest.

Safeguards against conflicts of interest in risk management ensure at least that:

- the decisions taken by the risk management function are based on reliable data subject to an appropriate degree of control by the risk management function;
- the remuneration of the persons involved in the exercise of the risk management function shall reflect the achievement of the objectives relating to that function;
- they cannot hold remunerated positions with companies within the portfolio of S.I.F. Oltenia S.A.;
- the risk management function shall be subject to appropriate independent review by the internal audit and the audit committee to ensure that decisions are the result of an independent process;
- any conflicting tasks are properly separated.

Within the limits of proportionality and taking into account the nature, scale and complexity of the undertaking, the performance of the risk management function shall be reviewed periodically by the internal audit function and the audit committee.

The Board of Directors of S.I.F. Oltenia S.A. establishes safeguards against conflicts of interest and regularly reviews their effectiveness by establishing timely corrective measures to address any deficiencies.

2.3. COMPANY AUDITORS

- **Financial Auditor**

The selection of the financial auditor or audit firm shall be the responsibility of the Audit Committee, which shall recommend to the General Shareholder Meeting/members of the Management Board the financial auditor or audit firm to be appointed to carry out the financial audit activity.

The financial auditor or the audit firm carrying out the audit work of S.I.F. Oltenia S.A. are registered in the public electronic register of financial auditors and audit firms published by the Authority for public oversight of statutory audit activity.

Financial auditors must be financial auditors active in accordance with the legal regulations in force, with at least 4 years' experience in the field of financial audit and having received training organized by the relevant competent authority. The statutory audit may be carried out by audit firms approved by the FSA.

- **The Internal Audit Department**

The internal audit is organized within S.I.F. Oltenia S.A. at the level of a department and operates under the direct authority of the company's Board of Directors.

The internal audit shall have a separate and independent function from the other activities of the company, which gives assurance to the company's managers that the income and expenditure are properly managed, while advising the management of the company to comply with the legal rules in force in the matter being audited.

The internal auditor shall be appointed and dismissed by the Board of Directors upon proposal of the General Manager. The internal auditor shall be notified to the competent authority after the management body of the company has checked and has agreed that the person meets the requirements laid down in the regulations in force.

The internal auditor shall not be involved in any other activity or relationship affecting an objective assessment. The internal audit activity will not be influenced by the senior management, the person who will carry out the powers of this function will have to objectively present the matters subject to the audit.

The internal auditor shall have access to all company data and information, including those in electronic form.

Internal audit aims at:

- checking the compliance of the entity's activities with its policies, programmes and management, in accordance with the legal provisions;
- the assessment of the adequacy and implementation of financial and non- financial controls arranged and conducted by the management of the Company in order to increase the efficiency of its business;
- the assessment of the suitability of financial and non-financial information for the management to know the reality of the Company;
- the protection of the balance sheet and off balance sheet items and the identification of methods to prevent fraud and losses of any kind;
- checking the effectiveness of the company's compliance systems and procedures;
- reviewing the performance of the risk management function on a regular basis. The results of the examination shall be brought to the attention of the senior management and the Audit Committee.

The internal auditor shall report to the senior management, following the audits carried out, any key findings on the adequacy and approach of the company in the implementation of the risk management framework so that these issues are adequately addressed. The findings will be presented in the form of a report, with the information also communicated to the Audit Committee.

The performance of the internal audit function shall entail the following responsibilities:

- drawing up control reports regarding aspects of the activity carried out at the level of the Company, which it submits to the senior management and, after its approval, submit them to the Audit Committee for the analysis and evaluation of the activity;

- drawing up the Annual Report and the Investigation Plan for the following year, which are submitted to the Audit Committee for analysis, assessment and endorsement of the activity. The said documents shall be submitted to the Board of Directors for approval after the opinion has been given.

- drawing up the internal audit charter which it shall submit for consideration and approval to the Audit Committee and the Board of Directors.

According to internal audit standards, the head of internal audit must set out the policies and procedures to direct internal audit work.

In the performance of his/her work, the internal audit compartment representative shall be required to keep, in accordance with legal provisions, a register of the deliberations and findings made during internal audit missions.

The internal auditor shall be notified to the FSA at least 15 working days prior to the commencement of his duties.

2.4. ML/TF DESIGNATED PERSON

S.I.F. Oltenia S.A. designates a person for preventing and combating money laundering and terrorist financing as well as for putting in place measures to prevent and combat terrorist financing through the capital market, subordinated to senior management.

The “designated person” shall coordinate the implementation of internal law enforcement policies and procedures to prevent and sanction money laundering and to put in place measures to prevent and combat terrorist financing through the capital market.

The “designated person” shall be appointed by decision of the General Manager and notified to the National Office for preventing and combating money laundering and notified to the Financial Supervisory Authority.

The ML/TF designated person will have direct and timely access to the data and information necessary for the performance of the duties established by Law no. 129/2019 and will mainly pursue:

- to maintain contact with the O.N.P.C.S.B. on issues specific to the activity s/he coordinates,
- to identify, analyse and report to the O.N.P.C.S.B. Any transactions or operations carried out that represent the equivalent in lei of 10,000 EUR, if there are suspicions of money laundering, if there is information that the transactions are not carried out on the customer's own behalf;
- to report on-line to the O.N.P.C.S.B. external transfers in and from accounts, in RON and in foreign currency, the minimum limit of which is the equivalent in RON of 15,000 EUR;
- to be familiar with the reporting requirements to the O.N.P.C.S.B.;
- to report to the O.N.P.C.S.B. and the FSA, no later than 3 working days after the time of the transaction, any reasonable suspicion of the conduct of cash transactions and external transfers;
- to carry out the necessary checks on the operations covered by Law no. 129/2019 in order to obtain reasonable evidence to substantiate the identification of the money laundering activity;
- after thoroughly examining suspicious transactions, to make proposals to the company's senior management in the application of the specific legislation;
- to participate in training programs specific to the tasks they perform at least every two years;
- to ensure that employees of the company are informed of the legislation on prevention and money laundering and terrorist financing and of alerts published by the competent authorities;
- in order to ensure effective and sustainable training of the company's staff, training shall be at least half-yearly and whenever legislative changes occur in a formalized framework;
- to archive documents on customer identification and transactions subject to Law no. 129/2019 that will be kept for at least 5 years.

2.4. DATA PROTECTION OFFICER

S.I.F. Oltenia S.A. has established the permanent position of data protection officer, which is hierarchically and functionally independent from the other departments of the Company.

S.I.F. Oltenia S.A. publishes on its website the contact details of the company's Data Protection Officer, which it also communicates to the supervisory authority.

The Data Protection Officer shall be appointed by the company's General Manager.

S.I.F. Oltenia S.A. publishes on its website the contact details of the company's Data Protection Officer, which it also communicates to the supervisory authority.

S.I.F. Oltenia S.A. can outsource the function of data protection officer in accordance with legal provisions.

The Data Protection Officer is properly and timely involved in all matters relating to the protection of personal data within the company, and s/he will be provided with the resources required for the performance of his/her tasks as well as access to personal data and processing operations, and to maintain his/her specialized knowledge.

CHAPTER 3

INVESTOR RELATIONS

S.I.F. Oltenia S.A. has a very large number of shareholders due to how the company is set up. The main goal of shareholder policy is to respect the shareholders' rights, ensuring that shareholders are treated fairly by communicating information in a timely manner and in a transparent framework.

The company shall use its best endeavours to ensure effective, active and transparent communication so that shareholders can exercise their rights in an informed manner.

The external communication of information shall be addressed to natural and legal persons and shall comply with the legal obligations laid down by the Board of Directors in accordance with the annual financial communication strategy and timetable.

The recipients of this type of communication are:

- the shareholders of the company, to whom complete information is given in a language which can be easily understood, such as strategy, economic and financial results, how voting rights are exercised;
- potential investors;
- institutions and capital market authorities such as the FSA, B.V. B, NBR, A.N.A., etc.;
- The media, in the context of the legal obligation to publish some reports, but also the promotion of the image of the society such as central and local newspapers, the Official Gazette of Romania Part IV.

Internal communication aims at increasing staff involvement in ensuring company performance and continuous information to comply with capital market-specific legislative requirements.

The shareholders' rights relating to the General Shareholder Meeting are those conferred by the applicable legal regulations, i.e. Law no. 31/1990 on companies, Law no.24/2017 on issuers of financial instruments and market operations, relevant regulations/instructions of the FSA.

Thus, shareholders have the right to participate and vote in General Shareholder Meetings and to have access to all information on matters subject to approval by General Shareholder Meeting.

The General Shareholder Meeting, the primary managing body of S.I.F. Oltenia S.A., is convened by the Board of Directors and shall be carried out in accordance with legal and statutory provisions.

For the General Shareholder Meetings, details of the meeting are published on the company's website www.sifolt.ro in a dedicated section: the General Assembly's call; the agenda materials, as well as any other information on the issues on the agenda; forms for voting by special proxy and mailing ballot; participation and voting procedures which ensure the orderly and efficient conduct of the work of the General Shareholder Meeting and which grant any shareholder the right to express their views freely on the matters under discussion.

The General Shareholder Meeting shall adopt decisions on the basis of drafts proposed by the Board of Directors and/or shareholders.

The decisions taken in the General Shareholder Meeting and those concerning the detailed outcome of the vote (document issued in the form of the "OGSM rulings" signed by the President of the meeting) are reported to the FSA, the BVB, released in the media, in the Official Gazette, part IV, displayed on the official website www.sifolt.ro.

For each financial year, the information on the financial calendar and the content of the periodic (annual, half-yearly and quarterly) reports and current reports on important business events are posted on the website in due time.

The correspondence with shareholders shall be ensured by all means at their disposal, as follows: written correspondence, electronic mail and telephone correspondence. The vast majority of correspondence concerns information on dividend payments (amount, arrangements, procedures, time limits, etc.), transfers of shares in the event of succession, updates of personal data, trading arrangements, financial reporting data (periodic reports, net asset, etc.), information on tax rules, tax treatment of non-residents (direct mail, custodians or other intermediaries), etc.

Communications to shareholders and investors are drawn up in Romanian and English to allow them to have access to the same information at the same time.

The responsibility for external and internal communications lies with the senior management and the board of directors, with the support of the departments

within the company (the Legal Department, the Compliance Office, the Investments Department, Net Transactions and Asset Calculation, etc.).

Representation in public space and in relation to the supervisory authority shall be done by the General Manager, the Deputy General Manager or administrators.

The company has nominated a person responsible for the relationship with investors who provides and is responsible for communication between the company and the outside (investors, FSA, BVB, etc.).

S.I.F. Oltenia S.A. has available relevant information on its website in Romanian and English, such as:

- the main corporate regulations: the articles of association, internal regulations, the Corporate Governance Regulation;
- the CVs of the members of the governing bodies (Board of Directors, Advisory Committees, Senior Management);
- current reports and regular reports (quarterly, half-yearly and annual, including a declaration of compliance or non-compliance with the Corporate Governance Code), information on the General Meetings (agenda, information material, voting procedure, proposals for decisions);
- a “frequently asked questions” section where key information is detailed, in an easy-to-understand language, for shareholders.
- detailed information on dividend payments (amount, method of distribution, required documents, etc.).

CHAPTER 4

TRANSPARENCY AND FINANCIAL REPORTING

S.I.F. Oltenia SA will comply with the transparency and reporting requirements and obligations laid down in the regulations issued by the competent authority as well as those applicable to the capital market on which the securities are traded.

S.I.F. Oltenia S.A. provides relevant regular and continuous information in accordance with the financial reporting accounting standards.

The main information which the company regularly and regularly provides to investors is:

→ information concerning the General Shareholder Meetings: the call for the meeting containing the agenda, the materials to be submitted for its approval, the manner in which the meeting is to be held, the procedures for exercising the right to vote and the decisions taken;

→ annual, half-yearly and quarterly financial statements;

→ communications on dividend payments;

→ other information relating to any event which has taken place in the business of the company and which may lead to a change in the price of shares traded on the regulated market;

→ information on other corporate events intended to be made available to shareholders and investors within the time limits laid down in specific legislation.

This information shall be communicated as soon as possible to the Bucharest Stock Exchange and to the Financial Supervisory Authority to be disseminated, in accordance with legal provisions, and posted on the company's website.

S.I.F. Oltenia SA also disseminates in English the information that is the subject of the reporting requirements: regular information, continuous information, financial reporting, by publishing them on the www.sifolt.ro website

Annually, by the end of January, but not later than the beginning of a closed period (30 days prior to publication of an intermediate or annual report) of each year, the company shall submit to the Bucharest Stock Exchange, publish and maintain on its website the financial communication timeline for the current financial year containing the dates set for the following events:

- presentation of preliminary annual financial results;
- the Ordinary General Shareholder Meeting for the approval of the annual financial results;
- presentation of the annual report and the annual financial results;
- presentation of the half-yearly report and half-yearly financial results;
- presentation of quarterly reports and economic-financial indicators;
- telephone conferences and/or meetings with investors or analysts, as appropriate.

CHAPTER 5

CONFLICT OF INTEREST AND TRANSACTIONS WITH PERSONS INVOLVED ('SELF-TRANSACTIONS')

S.I.F. Oltenia S.A., by its specific activity, prohibits persons involved in decision-making at the level of the management and execution structures and the performance of the duties assigned to each person to act in such a way as to create conflicts of interest that would prejudice the activity and image of the company.

In order to avoid conflicts of interest and suspicions which may arise in such situations, the policy of the Board of Directors and senior management shall be not to give effect to requests for the conclusion of suspicious transactions of conflict of interest, except where the operations in question are lawful, and the interests of the company and its shareholders require them.

The company shall apply specific provisions contained in *the working procedure on the prevention and management of conflicts of interest*, approved by the Board of Directors, applicable to directors, directors and employees.

The members of the Board of Directors shall ensure at all times that their personal interests, direct or indirect, do not conflict with the interests of the company.

The managers have an obligation of loyalty to the company and must avoid any conflict of interest.

In the performance of their job duties, members of the Board of Directors who have, directly or indirectly, material interests in a particular operation or when matters in conflict of interest are discussed and approved on the agenda of Board, shall be required to notify the other members of the Board thereof and not to take part in any deliberations concerning the operation.

A conflict of interest may be referred to the President of the Board of Directors by any Member of the Board who has knowledge of such a case, stating the reasons on which such referral is based. In such a case, the Board of Directors shall, by a majority of its members, rule on the existence of a conflict of interest.

In case of conflict of interests of the President of the Board of Directors, the meeting will be chaired by the Vicepresident of the Board of Directors.

The identified conflict of interest situations will be mentioned in the minutes of the meeting of the Board of Directors during which such an operation is discussed.

The members of the company's senior management who are in a situation of conflict of interest in a particular operation shall notify the members of the Management Board thereof.

In order to avoid conflicts of interest in the organization and conduct of the business of the company, the exchange of information between the relevant persons carrying out an activity involving the risk of a conflict of interest where the transmission of that information could be prejudicial to the interests of the company shall be avoided;

In the case of personal transactions, members of the Board of Directors shall be prohibited to:

- use inside information related to the investment policy of the company when trading in financial instruments in its portfolio;
- enter transactions in shares in S.I.F. Oltenia S.A. in closed periods,
- enter transactions in securities and/or financial instruments which would aim at concealing the identity of their owner;
- disclose inside information to a person who could obtain benefits from trading on the basis of that information;
- engage in transactions in securities/financial instruments in bad faith, through manipulation or fraudulent practices;
- acquire in their own name securities issued by a company with which S.I.F. Oltenia S.A. initiated a public purchase offer prior to the public disclosure of the offer;
- disseminate information about the transactions which S.I.F. Oltenia S.A. intends to carry out with the financial instruments in the portfolio.

In conducting transactions in securities and financial instruments, account shall be taken of the transparency and publicity obligations imposed by applicable legal regulations.

The list of persons with access to inside information, managed by the Compliance Office, shall be kept up to date and the status shall be forwarded to the FSA upon request.

The obligation to notify transactions made by the relevant persons to the Compliance Office shall be personal and binding.

Trading in a particular security/financial instrument based on inside information is prohibited, as well as disclosure of such information to a person who could obtain trading benefits on the basis of that information.

The company fulfils the institutional reporting and information obligations, through the modalities specified by the regulations of the FSA and BVB, including by posting on the website and publishing in the press.

The audit committee should review conflicts of interests in transactions of the company with related parties.

The Head of the Compliance Office shall regularly update the working procedure on conflicts of interest and shall inform the senior management, at least in the annual activity report, on the monitoring, identification and management of conflicts of interest.

CHAPTER 6

THE CORPORATE INFORMATION STATUS

In order to regulate the corporate information status internally, the company adopted a procedure to ensure the security, integrity and confidentiality of information, aimed at:

- ensuring the security, integrity and confidentiality of data and information exchanged within society;
- guaranteeing respect for the internal circuit and disclosure to third parties of documents and information relating to the business of the company.

All employees, members of the executive and senior management and members of the company's Board of Directors shall not disclose to third parties inside information pertaining to the company, of which they have become acquainted in the performance of their duties or incidentally and should not carry out transactions on the basis of such information, by themselves or by their relatives or family members up to the 4th degree.

The Board of Directors shall ensure by means of the adopted procedures that the dissemination of information complies with the legal provisions in force and that it gives equal access to information to shareholders and investors, and that no abuse of confidential information or information about "transactions by itself" is permitted.

The Board of Directors shall ensure that the information disseminated to the public is complete, correct and timely, so as to allow objective investment decisions to be made.

S.I.F. Oltenia S.A. ensures that the section on its website dedicated to investors is continuously updated.

S.I.F. Oltenia S.A. disseminates information on its corporate governance policy, implicitly the degree of compliance with the recommendations of the BVB Corporate Governance Code, based on the “apply or explain” principle.

CHAPTER 7

SOCIAL RESPONSIBILITY

S.I.F. Oltenia S.A. continuously carries out activities regarding the social responsibility of the company, each year supporting directly or through specialized foundations/associations the disadvantaged groups in the community in which it operates.

The company engages in solving the social problems of the community in which it operates and takes into account the interests of the company, by being accountable to its employees, shareholders, the community and the environment.

The vision of S.I.F. Oltenia S.A. is the promotion of national values, as the society is involved in art and culture, education, humanitarian actions and development of society.

CHAPTER 8

REVISION OF THE CODE

The Corporate Governance Code will be reviewed by the Board of Directors whenever necessary in order to ensure equal treatment of all shareholders and strict compliance with the legal obligations incumbent on the company.

President / General Manager
Sorin – Iulian Cioacă