

**Statement of Carpathia Pensii S.A.F.P.P. S.A.
Board of Directors regarding the conclusions
of the evaluation on risk management
system efficiency**

The Board of Directors is responsible for the risk management process and the internal control system.

The risk and internal control procedures are properly communicated within the company. Risk management for the Board of Directors is an ongoing process and is focused on the evaluation, management and monitoring the significant risks identify within company's activity. The Board of Directors is periodically informed about the significant risks identified, and about their evolution. The review of significant risks, risk management and internal control activities is performed annually. A structured risk management process has been implemented to ensure the consolidation of the portfolio of the pension funds managed for the benefit of our clients, for the efficiency of the processes carried out in the company, as well as for the development of human capital, in order to increase the operational and financial excellence.

The risks identified within the company are analyzed monthly, quarterly or semi-annually, a particular category being the investment risks that appear in the course of the asset management activity for managed pension funds. In order to minimize the risks within the company's activity, the ones related to the important processes were identified, evaluated and monitored and the application of the controls related to them was followed.

Existing controls consist in the implementation of working procedures and instructions, which include elements regarding: reporting lines, separation of employee's

**Declaratia Consiliului de Administratie al
Carpathia Pensii S.A.F.P.P. S.A. privind
concluziile evaluarii eficientei sistemului de
administrare riscurilor**

Consiliul de Administratie este responsabil pentru procesul de administrare a riscurilor si sistemul de control intern.

Procedurile de risc si control intern sunt comunicate adecvat in cadrul societatii. Gestionarea riscurilor in Consiliul de Administratie este un proces continuu si este axat pe evaluarea, gestionarea si monitorizarea riscurilor semnificative din activitatea societatii. Consiliul de Administratie este informat periodic despre riscurile semnificative identificate in cadrul societatii si despre evolutia acestora. Revizuirea riscurilor semnificative, precum si a activitatilor de administrare a riscurilor si de control intern se efectueaza anual. Un proces structurat de gestionare a riscurilor a fost implementat pentru a asigura consolidarea portofoliilor fondurilor de pensii administrate in beneficiul clientilor nostri, pentru eficientizarea proceselor derulate in societate, precum si pentru dezvoltarea capitalului uman, in vederea cresterii excelentei operationale si financiare.

Sunt analizate cu frecventa lunara, trimestriala si semestriala riscurile identificate in societate, o categorie aparte fiind reprezentata de riscurile investitionale care apar in cadrul derularii activitatii fondurilor de pensii administrate. Pentru minimizarea riscurilor din cadrul activitatii societatii s-au identificat, evaluat si monitorizat riscurile aferente proceselor importante si s-a urmarit aplicarea controalelor aferente acestora.

Controalele existente constau in implementarea de proceduri si instructiuni de lucru, care cuprind elemente privind: linii de raportare, separarea responsabilitatilor



duties, establishing the approval frameworks for transactions, financial reporting and monitoring of process indicators, which provide information on the evolution of the activity over time. The investment risks that are identified in the activity of trading, evaluating and asset management are analyzed by both Investments Direction and the Risk Department through procedures that ensure the separation of the two activities and increasing the efficiency of the controls implemented. The internal procedures implemented ensure efficient and timely management of any conflict of interest situations that may arise during the course of the activity.

The procedures related to business continuity are reviewed half-yearly, and the tests have shown the efficiency of these procedures. In the current situation, the business continuity plan does not include anymore compulsory work scenarios linked to the pandemic situation, as a consequence of its termination. The hybrid work scenarios were successfully implemented, their application ensuring the security and safety of the company's employees.

In HY2 2023 the revision of the internal regulation framework took place, in the sense of clarifying the financial instruments subject to the specific evaluation of the initial investment and disinvestment, in accordance with the legislative changes, as well as by changing the method of assessing the actuarial risk, namely the definition of a new indicator for evaluating this risk, related to the Company's ability to cope with payments from the technical provision. Also, in the case of reputational risk, the obligation to follow an indicator (NPS-Net Promoter Score) was waived in years when it is not available. Another procedural change occurred in the procedure related to passive rating deviations and investment limits, in line with the legislative changes.

The internal training on anti-bribery and corruption (ABC) related risks, carried out online by The Risk Department, which was properly assessed by all Company's staff, was

angajatilor, stabilirea cadrelor de aprobare a tranzactiilor efectuate, raportari financiare si monitorizarea indicatorilor de procese, care ofera informatii despre evolutia in timp a activitatii societatii. Riscurile investitionale care se identifica in activitatea de tranzactionare, evaluare si gestionare a activelor din portofoliile de fonduri administrate sunt analizate atat de Directia Investitii, cat si de Departamentul Risc prin proceduri care asigura separarea celor doua activitati, crescand eficienta controalelor implementate. Procedurile interne implementate asigura gestionarea eficienta si in timp a oricaror situatii de conflict de interese care pot aparea in cursul desfasurarii activitatii.

Sunt revizuite cu periodicitate semestriala procedurile referitoare la continuarea activitatii societatii, si desfasurarea testelor de continuitate a activitatii a demonstrat eficienta acestor proceduri. In contextul actual, planul de continuare a afacerii nu mai cuprinde scenarii obligatorii legate de situatia pandemica, ca urmare a incetarii acesteia. Scenariile de munca hibrid au fost aplicate cu succes, asigurand securitatea si siguranta angajatilor societatii.

In semestrul II 2023 a avut loc revizuirea cadrului procedural intern, in sensul clarificarii instrumentelor financiare supuse evaluarii specifice investitiei initiale si dezinvestirii, in concordanta cu modificarile legislative, precum si prin modificarea modalitatii de evaluare a riscului actuarial, respectiv definirea unui nou indicator de evaluare a acestui risc, legat de capacitatea Societatii de a face fata platilor din provizionul tehnic. De asemenea, in cazul riscului reputational, s-a renuntat la obligativitatea urmaririi unui indicator (NPS-Net Promoter Score) in anii in care acesta nu este disponibil. O alta modificare procedurala a intervenit in cadrul procedurii referitoare la abaterile pasive de rating si de la limitele investitionale, in concordanta cu modificarile legislative.

Trainingul intern privind constientizarea riscului de mita si coruptie, s-a desfasurat online de catre Departamentul Risc, si a fost insusit de catre angajatii Societatii, in cursul



completed in HY2 2022, as well as at the moment of onboarding for the new staff.

The monitoring of the control measures put in place in relation with the operational risks (mainly IT) was carried on, both at the company level, and at the managed pension funds level. During HY2 2023, no risk events were identified that would lead to the appearance of new risks or to the modification of the risks identified at the level of the company and of the managed pension funds, or to lead to the implementation of additional controls. In the mentioned processes, only low and medium value risks were identified, and the risk profile remained unchanged and is medium, at the level of HY2 2023.

In the internal control missions, carried out during the same period, no deficiencies were identified that would lead to the identification of new risks.

Considering that, all identified risks have values that fall within the risk tolerance established at the company level and no new risk mitigation controls have been implemented, it is concluded that the risk management activity has been carried out effectively.

semestrului II 2022, precum si la momentul angajarii in Societate in cazul personalului nou-venit.

S-a continuat monitorizarea masurilor de control aferente riscurilor operationale (in principal IT) la nivelul societatii si a fondurilor de pensii administrate. In cursul semestrului II 2023 nu au fost identificate evenimente de risc care sa conduca la aparitia de riscuri noi sau la modificarea riscurilor identificate la nivelul societatii si a fondurilor de pensii administrate, sau sa duca la implementarea de controale suplimentare. In procesele mentionate, au fost identificate doar riscuri de valoare mica si medie, iar profilul de risc a ramas neschimbat, fiind mediu, la nivelul semestrului II 2023.

In activitatea de control intern, derulata in aceeasi perioada, in cadrul misiunilor de control intern nu au fost identificate deficiente care sa conduca la identificarea de riscuri noi.

Tinandu-se cont de faptul ca toate riscurile identificate au valori care se incadreaza in toleranta de risc stabilita la nivelul societatii si nu s-au implementat controale noi de mitigare a riscurilor, se concluzioneaza ca activitatea de management a riscurilor s-a desfasurat in mod eficient.