

## Conclusions

Report of the evaluation on the efficiency of Bucharest Stock Exchange's risk management system between January-June 2020

Bucharest Stock Exchange (hereinafter abbreviated "BVB" or "Company") recognizes the importance of managing significant risks, aiming to establish and maintain the efficiency of the risk management framework through the Risk Management Department.

A risk management framework has been established at the BVB level, based on an integrated and comprehensive approach to all relevant risks. The Risk Management Department has specific attributions regarding the identification, evaluation, administration and permanent monitoring of the risks to which BVB is or may be subject and reports directly to the management bodies regarding the activity carried out. The adoption of the relevant risk management measures falls within the attributions of the Board of Directors, which benefits from the recommendation of the Risk Management Committee and of the Audit Committee, regarding the risk tolerance and effectiveness of the risk management systems within BVB.

The main regulation that provides the legal framework for the organization of the risk management system is Regulation no. 2/2016 on the application of corporate governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority ("FSA").

### **I Activity organisation of the risk management**

General procedure for identifying, evaluating, monitoring, managing and reporting significant risks is approved by the Board of Directors and defines the risk culture, terminology and risk management procedures, considering best practices in the field and the requirements of Regulation 2/2016 of the Financial Supervisory Authority. Bucharest Stock Exchange also aims to comply with best practices in corporate governance, including risk management, taking into account the BVB Corporate Governance Code.

The Audit Committee assists the Board of Directors in the evaluation of the efficiency and functionality of Company's management, resources allocation efficiency, the way the risks facing the Company are mitigated, including the organization and functioning framework of the internal control, the implementation of corporate governance rules and the way the Company audit is performed.

The Risk Management Committee is a permanent committee, whose functioning and duties are governed by internal rules. The Risk Management Committee. The Risk Management Committee is constituted through the decision of the administrative management and is composed of 5 members.

The risk management function at Bucharest Stock Exchange level is organized in the form of procedures that establish the necessary framework for identifying, evaluating, monitoring, managing and reporting the risks faced by the market operator, in a controlled and efficient way, in order to achieve the specific Bucharest Stock Exchange objectives. To achieve the proposed purpose, through the risk management procedures, the limits of risk tolerance, the activities necessary to identify and evaluate the risks as well as the specific type of risk response are established.

### **II Risk profile and risk management**

The risk profile represents the set of all risks to which the company is exposed in a business plan, grouped by risk categories, described by means of company-specific risk values and classified according to tolerance thresholds. The risk profile is revised and adapted in compliance with the new risks identified by the Risk Management Department / Risk Management Committee, as well as in accordance with the changes in the company's strategy. The main risks to which BVB's activity is exposed are: strategic risks, financial risks and operational risks.

The identification of risks and the means that the Company uses in order to mitigate them are presented quarterly to the Risk Management Committee, the Audit Committee and the Board of Directors

The procedures, mechanisms and systems used by BVB for the efficient management of the operational risks associated with the activities carried out by the company's departments ensure: the efficient and prompt collection and analysis of data and information regarding possible events; reporting the identified risks and the possible impact or the one already produced; identifying and implementing appropriate measures for the efficient management of situations that may lead to operational malfunctions or other losses for society; monitoring the identified risk.

The management of the continuity of BVB's operational activity consists in supporting a continuous process of identification of the risks to which BVB is exposed, the result of which will lead to the development and implementation of the necessary resources for the restoration of the operational activity, thus protecting the own interests and those of the clients / third parties with which it has contractual relations, but also of the reputation and of the value-creating activities of BVB. Based on continuity management, BVB has created and maintains a continuity and recovery plan, which consists of a series of emergency response measures, operation with available alternative systems and restoration of systems in case of failure or partial destruction. or in total, to ensure the availability of critical services and to allow the continuation of BVB's activity in case of major incidents, which may be cases of force majeure - in the terms defined by the applicable legal framework.

BVB annually updates and tests security procedures and disaster recovery procedures.

### **III Auditors Activity**

Mazars Audit SRL is the financial auditor of the Bucharest Stock Exchange. For the financial statements related to 2019, during the annual financial audit mission, in the opinion of the financial auditor, the financial statements prepared by the company for the financial year 2019 presented faithfully, in all significant aspects, the financial position of the Bucharest Stock Exchange, financial performance and cash flows for the ended year.

Internal Audit independently reviews the effectiveness of the internal control system, including the effectiveness of the risk management system. The internal audit function is outsourced and is carried out in accordance with the regulations in force. The company Audit Consulting Legal International S.R.L is the internal auditor of the Bucharest Stock Exchange for the period 2020-2022.

In compliance with Norm no. 4/2018 on the management of operational risks generated by information systems used by authorized / approved / registered, regulated and / or supervised by the Financial Supervisory Authority, BVB is included in the category of major risk entities and has the obligation to audit externally, with annual periodicity, the computer system used.

The latest IT audit report for the compliance of BVB's IT system with Norm no. 4/2018 regarding the management of operational risks generated by IT systems used by authorized / approved / registered, regulated and / or supervised entities by the Financial Supervisory Authority, for 2019 , ended with a positive opinion from the independent external auditor, no problems were identified that would endanger the integrity, confidentiality, security and availability of data.

Considering the aspects analyzed during the meeting of 23/02/2021, the Board of Directors considers that the Bucharest Stock Exchange benefits from an efficient risk management system, documented by internal policies and procedures prepared according to the framework legally applicable and updated accordingly, which ensures the availability and reliability of the operations, these being carried out in optimal safety conditions.

The official binding version of this document is the Romanian one, while the English translation has been done merely for advisory purpose. All efforts have been made to ensure the accuracy of this translation. Provided any discrepancies, divergences or conflicts between the Romanian and English versions, the Romanian one would prevail.