

## The Statement regarding compliance with the Corporate Governance Code

ANEXA – 2019 AR

Section	PROVISIONS OF THE CODE	Comply	Not comply or partly comply	The reason for non compliance
<b>A</b>	<b>RESPONSIBILITIES</b>			
<b>A1</b>	All companies should have internal regulation of the BoD which includes terms of reference/ responsibilities for BoD and key management functions of the company, applying, among others, the General Principles in Section A.	<b>Yes</b>		
<b>A2</b>	The provisions regarding the management of the conflict of interests must be included in the regulation of the BoD. In any case, the members of the BoD must notify the BoD regarding any conflict of interests situation which occurred or may occur and must abstain from participating in the debates (including absence with the exception of the case in which the absence might impede quorum) and from voting on issues which may create the respective conflict of interests situation.	<b>Yes</b>		
<b>A3</b>	The BoD or the Supervisory BoD must be made up of at least 5 members.	<b>Yes</b>		
<b>A4</b>	The majority of the members of the BoD must be non-executive. At least one member of the BoD or of the Supervisory BoD must be independent, in the case of Standard category companies. In the case of the companies from the Premium category, at least two non-executive BoD members have to be independent. Each independent member of the BoD or of the Supervisory BoD must submit a statement upon nomination for election or re-election, as well as when a change occurs in his or hers status, by indicating the elements based on which the independent character and judgment of the BoD member is asserted, likewise by following the criteria below:	<b>Yes</b>		
<b>A4.1</b>	- is not CEO / Executive Director of the organization or a company owned by the organization and has not held such a position in the last five (5) years.	<b>Yes</b>		
<b>A4.2</b>	- is not employed by the organization or a company owned by the organization and has not held such a position in the last five (5) years.			
<b>A4.3</b>	- does not receive and has not received additional remuneration or other benefits from the organization or a company owned by the organization, besides the perks corresponding to a non-executive administrator.			
<b>A4.4</b>	- is not employed and was not employed in the previous year by a significant shareholder of the organization, shareholder owning over 10% of the voting rights, or a company owned by said shareholder.			

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A4.5	- does not hold and did not hold in the previous year a business or professional report with the organization or a company owned by said organization, either directly as a client, partner, shareholder, member of the Board/Administrator, CEO/executive director or employee of a company if, by its substantial character, this report could affect his judgment.			
A4.6	- it is not and has not been in the last three years an external or internal auditor nor a partner or a paid associate of the current external financial auditor or of the organization's internal auditor or a company owned by said organization.			
A4.7	- is not CEO / Executive Director of a different organization where another CEO / Executive Director of the organization is a non-executive administrator.			
A4.8	- was not a non-executive administrator of the organization for more than twelve years.			
A4.9	- does not hold any ties with a person in the situation expressed at points A.4.1. and A.4.4.			
A5	Other engagements and professional obligations of the BoD members, including executive or non-executive positions in the BoDs of other companies and non-profit organizations must be disclosed to the shareholders and the potential investors before nomination and during the course of the mandate.	Yes		
A6	Each BoD member must disclose before the BoD information regarding any relationship with a shareholder which owns directly and indirectly more than 5% of the total voting rights. This obligation refers to any type of relationship which may affect the member's position regarding issues that are decided in the BoD.	Yes		
A7	The Company must appoint a secretary of the BoD responsible for supporting the activities of the BoD.	Yes		
A8	The corporate governance statement will mention whether an evaluation of the BoD under the management of the President or of the nomination committee was performed and, if such an evaluation took place, it will summarize the key measures and the resulted improvements. <b>The Company must have a policy/guide regarding the evaluation of the BoD</b> comprising the purpose, the criteria and the frequency of the evaluation process.		Not comply	COMP A does not have a policy / guideline on the assessment of the Council comprising the scope, criteria and frequency of the evaluation process;
A9	The statement regarding the corporate governance must contain information regarding the number of meetings of the BoD and its Committees during the previous year, the participation of the administrators (in person or in absence) and a report of the BoD and of the Committees regarding their activities.	Yes		
A10	The corporate governance statement must include information regarding the exact number of independent members from the BoD or from the Supervisory BoD.	Yes		
A11	The BoD of companies in the <b>Premium Category</b> must establish a nomination committee made up of non-executive members, which will lead the nomination procedure of new BoD members and will make recommendations to the BoD. The majority of the members of the nomination committee must be independent.		Not comply	COMP A is quoted at the <b>Standard Category</b>

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<b>B</b>	<b>THE RISK MANAGEMENT AND INTERNAL CONTROL</b>			
<b>B1</b>	The BoD must establish an audit committee in which at least one member must be an independent non-executive administrator. The majority of the members, including the President must have proven adequate qualification for the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and adequate audit or accounting experience. For the companies in the Premium category, the audit committee must be made up of at least three members and the majority of the members of the committee must be independent.	<b>Yes</b>		
<b>B2</b>	The President of the audit committee must be an independent non-executive member.	<b>Yes</b>		
<b>B3</b>	Among its responsibilities, the audit committee must perform an annual evaluation of the internal control system.	<b>Yes</b>		
<b>B4</b>	The evaluation must consider the effectiveness and comprehension of the internal audit function, the adequacy degree of the risk management and internal control audit reports that are presented to the Audit Committee as well as the promptness and effectiveness with which the executive management solves the problems and deficiencies identified during the internal control and the presentation of relevant reports to the BoD.	<b>Yes</b>		
<b>B5</b>	The Audit Committee must evaluate the conflict of interests related to the transactions of the company and its subsidiaries with affiliated parties.	<b>Yes</b>		
<b>B6</b>	The Audit Committee must evaluate the efficiency of the internal control system and of the risk management system.	<b>Yes</b>		
<b>B7</b>	The Audit Committee must monitor the application of the legal standards and of the generally accepted internal control standards. The Audit Committee must receive and evaluate the reports of the internal audit team.	<b>Yes</b>		
<b>B8</b>	Every time the Code mentions reports or analysis initiated by the Audit Committee, they must be followed up by periodic reports (at least annual ones) or ad-hoc reports which must be submitted to the BoD.	<b>Yes</b>		
<b>B9</b>	No shareholder can be awarded preferential treatment against other shareholders in relation with transactions and agreements concluded by the company with shareholders and their affiliates.	<b>Yes</b>		
<b>B10</b>	The BoD must adopt a policy by means of which it makes certain that every company transaction with any of the companies it has tight relations with whose value is equal or higher than 5% of the company's net assets (as per the latest financial report) is approved by the BoD following the must have opinion of the Audit Committee and correctly revealed to the shareholders and potential investors, to the extent these transactions fall into the category of events that are the object of the reporting requirements.	<b>Yes</b>		

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B11	Internal audit must be done by a structurally separated division (Internal Audit Department) within the company or by hiring an independent third party.	Yes		
B12	In order to ensure the main functions of the internal audit department, this must report from a functional point of view to the BoD through the Audit Committee. From an administrative point of view and given the obligation of the management to monitor and reduce risks, this department must directly report to the General Manager.	Yes		
<b>C</b>	<b>BOUNTY FAIR AND MOTIVATION</b>			
	The company must publish on its website the remuneration policy and to include in the annual report a statement regarding the implementation of the remuneration policy during the yearly period that is the object of the analysis.			
C1	<p>The remuneration policy must be elaborated in such a way as to allow the shareholders to understand the principles and arguments that represent the basis for the remuneration of the BoD members and the General Manager, as well as of the Directorate members in the dualist system. This must describe the decision making process regarding remuneration, to detail the components of the remuneration of the executive management (such as salaries, annual bonuses, long term incentives related to the value of the shares, in kind benefits, pension and others) and to describe the purpose, principles and arguments that are the basis of each component (including the general criteria of performance related to each form of variable remuneration). In addition, the remuneration policy must specify the duration of the contract of the executive manager and the duration of the notice period established by contract, as well as the potential compensation for revocation without just cause.</p> <p>The report on remuneration must include the implementation of the remuneration policy for persons identified in the remuneration policy throughout the annual period under analysis. Any essential change that might occur in the remuneration policy must be published in due time on the company website.</p>		Partly comply	The Constitutive Act states: <i>Additional remuneration of the Board members responsible for specific functions within the organ and executive remuneration in the unitary system, are determined by the Board of Directors</i> General Meeting of Shareholders fixes limits on the all remuneration granted in this way.
<b>D</b>	<b>ADDING VALUE BY INVESTOR RELATIONS</b>			
D1	„Investor Relations” department-brought to the attention of the public through the responsible person/persons or as an organizational entity. In addition to the information imposed by specific legislation, the company must include on its website a section dedicated to Investor Relations, in Romanian and English languages, containing all the information considered relevant for the investors, including:	Yes		
D1.1	The main corporate regulations: Articles of Incorporation, the procedure regarding the GMS	Yes		
D1.2	The CVs of the company management, other professional engagements of the BoD members, including executive and non-executive positions in the BODs of other companies or non-profit institutions.	Yes		

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D1.3	The current and periodical reports (quarterly, half quarterly, yearly)-at least those referred to in item D.8-including the current reports on the non-conformity to the present Code.	Yes		
D1.4	Information regarding the GMS: agenda and informative materials; the BoD member selection procedure; the arguments that support the proposals for the BoD, together with the CVs; the questions of the shareholders regarding topics on the agenda and the company's answers, including the resolutions adopted	Yes		
D1.5	Information regarding the corporate events, such as dividend payout and other distributions for the shareholders, or other events that can extend or limit the rights of the shareholders, including the deadlines and the principles applicable to such operations. Such information will be made public as to allow the investors to make investment decisions.	Yes		
D1.6	Name and contact details of a person who can provide, upon request, relevant information.	Yes		
D1.7	Company presentations (presentations for investors, presentations on the quarterly results, etc), financial statements (quarterly, half yearly and yearly), audit reports and yearly reports.	Yes		
<b>D2</b>	The company will have a policy on the annual dividend distribution or other shareholder related benefits, proposed by the General Manager or Directorate and adopted by the BoD, as a set of guidelines that the company intends to use for the distribution of the net profit. The principles of the annual policy of distribution will be published on the company website.		Not comply	Until now decisions on the distribution of dividends were adopted by the Shareholders' Meeting
<b>D3</b>	The company will have a policy on the annual dividend distribution or other shareholder related benefits, proposed by the General Manager or Directorate and adopted by the BoD, as a set of guidelines that the company intends to use for the distribution of the net profit. The principles of the annual policy of distribution will be published on the company website		Partly comply	Annual forecasts are provided in the budget of revenues and expenditures and in the investment plan.
<b>D4</b>	The GMS rules must not limit the participation of the shareholders in the GMS and the exercise of their rights. Any changes in the regulations will become effective starting with the next GMS.	Yes		
<b>D5</b>	External auditors will be present in the GMS when their reports are presented.	Yes		
<b>D6</b>	The BoD will present to the annual GMS a brief opinion on the internal control systems and major risk management, as well as opinions on certain topics subject to the decision of the GMS.	Yes		
<b>D7</b>	Any specialist, consultant, expert or financial analyst can participate in GMS based on an invitation from the BoD. Journalists may also take part in the GMS, except the President of the BoD decides otherwise.	Yes		
<b>D8</b>	The quarterly and half yearly reports will include information in both Romanian and English languages on the key factors that influence changes in sales, operation profit, net profit and other relevant financial indicators from quarter to quarter and year to year.	Yes		
<b>D9</b>	A company will organize at least two meetings/teleconferences with analysts and investors on an yearly basis. The information presented during these events will be published in the „Investor Relation” section on the company website at the date of the meetings/teleconferences.	Yes		According to the Financial Calendar

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<b>D10</b>	If case be a company supports different forms of artistic, cultural, sport, educational or scientific activities and it considers that their impact on the innovation and competitiveness of the company is part of the company's mission and development strategy, the company will publish its policy regarding its activity in the field.		Partly comply	The Annual Report of the Board mentions the socially responsible projects in which the company is involved. The Responsibility policy is currently under development. The Responsibility Policy is published on its own website

**Chairman ,  
Ioan DEAC**

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