

## STATUS OF COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE ISSUED BY BVB\*

Provisions of the Code	Explanations	Compliance
<b>Section A - Responsibilities</b>		
<b>A.1.</b> All companies should have internal regulation of the Board which includes terms of reference/ responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.		YES
<b>A.2.</b> Provisions for the management of conflict of interest should be included in Board regulation.		YES
<b>A.3.</b> The Board of Directors should have at least five members.		YES
<b>A.4.</b> The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each member of the Board 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 independent in character and judgment.		YES
<b>A.5.</b> A Board member's other relatively permanent professional commitments and engagements, including executive and nonexecutive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.		YES
<b>A.6.</b> Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.		YES
<b>A.7.</b> The company should appoint a Board secretary responsible for supporting the work of the Board.		YES
<b>A.8</b> The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	The Board of Directors of SIF Banat-Crişana completed its composition in 2015 following several successive general meetings of shareholders (GMS). Moreover, under the regulations applicable to the Company, the administrators elected by the GMS were subject to ASF endorsement, exercising their effective mandate only after obtaining this endorsement ( <i>details of changes in the composition of the Board are presented in Chapter 3 of the Report</i> ). Thus, for 2015, the Board was faced with the impossibility of making an objective and eloquent assessment of its activity, given the very short period of operation in its entirety and completely different periods of the mandate for the majority of its members.	NO
<b>A.9.</b> The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.		YES

<b>A.10.</b> The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	YES
<b>A.11</b> The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	The Board of Directors in its entirety undertakes the duty of a separate nomination committee, to evaluate the candidates for a position in the Board (i.e. administrator of the Company) it is going to propose to the election of the general meeting of shareholders.  Conditions and criteria for the eligibility and incompatibilities for the position of Board member (i.e. administrator of the Company) are strict and explicitly regulated by the Financial Supervisory Authority, which has the capacity to endorse the administrators elected by the general meeting of shareholders.
	NO
<b>Section B - Risk management and internal control system</b>	
<b>B.1.</b> The Board should set up an audit committee, and at least one member should be an independent non-executive. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES
<b>B.2.</b> The audit committee should be chaired by an independent non-executive member.	YES
<b>B.3.</b> Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	YES
<b>B.4.</b> The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	YES
<b>B.5.</b> The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES
<b>B.6.</b> The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES
<b>B.7.</b> The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES
<b>B.8.</b> Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by periodical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES
<b>B.9.</b> No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties	YES
<b>B.10.</b> The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in	YES

the latest financial report), should be approved by the Board following an obligatory opinion of the audit committee.

**B.11.** The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.

YES

**B.12.** To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.

YES

### Section C - Fair rewards and motivation

**C.1.** The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.

Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.

Each year the Board of Directors for submitted for the approval of the general meeting of shareholders (GMS) the general limits of all additional remunerations of administrators and limits on the remuneration of executive directors, these limits were never exceeded, on Company's website are available all information on GMS' resolutions decisions and periodical reports of the Board.

During 2015, the Company did not publish a remuneration policy, but this document is being prepared, in the context of compliance with the requirements of Law 74/2015 (AIFM).

NO

### Section D - Building value through investors' relations

**D.1.** The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including: **D.1.1.** Principal corporate regulations: the articles of association, general shareholders' meeting procedures. **D.1.2.** Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions; **D.1.3.** Current reports and periodic reports (quarterly, semi-annual and annual reports); **D.1.4.** Information related to general meetings of shareholders; **D.1.5.** Information on corporate events; **D.1.6.** The name and contact data of a person who should be able to provide knowledgeable information on request; **D.1.7.** Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.

YES

**D.2.** A company should have an annual cash distribution or dividend policy. The annual cash distribution or dividend policy principles should be published on the corporate website.

SIF Banat-Crişana aims at keeping a balance between the annual remuneration of shareholders through dividend and the need to finance its investments from reinvested profits, this statement is contained in the annual reports for the shareholders, published on Company's website, even if it was not formalized as a distinct statement, and the Company distributed consistent dividends over the years.

Board's proposals regarding profit distribution, GSM's resolutions in this regard, terms and methods of payment of dividends are made

partially

	public by the Company pursuant to legal provisions, providing proper and comprehensive information for the shareholders to be able to make the appropriate investment decisions and to exercise their rights in a fair manner.	
<b>D.3.</b> A company should have adopted a policy with respect to forecasts, whether they are distributed or not. The forecast policy should be published on the corporate website.	SIF Banat-Crişana annually presents the forecasts its activities are based on, in the <i>Operational Plan</i> and <i>Budget</i> , subject to approval by the annual general meeting of shareholders.  These projections are the result analyses of the global economic context, global, regional and domestic trends. The forecasts presented are based on assumptions drawn up from publicly available data, having a significant degree of uncertainty, as future developments may contradict the expectations originally presented. The company is considering the publishing on the Internet of the policy on forecasts.	partially
<b>D.4.</b> The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.		YES
<b>D.5.</b> The external auditors should attend the shareholders' meetings when their reports are presented there.		YES
<b>D.6.</b> The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.		YES
<b>D.7.</b> Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.		YES
<b>D.8.</b> The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.		YES
<b>D.9.</b> A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.		YES
<b>D.10.</b> If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.		YES

\* This Statement summarises the main highlights of the Code's provisions, in an edited format. The full text of the Code is available on Bucharest Stock Exchange website: [www.bvb.ro](http://www.bvb.ro)  
This Statement is provided as a free translation from Romanian, which is the official and binding version