

SIF BANAT-CRIȘANA'S STATEMENT ON THE APPLICATION OF THE PRINCIPLES OF CORPORATE GOVERNANCE

pursuant to Regulation no. 2/2016 on the application of the principles of corporate governance by the entities authorised, regulated and supervised by the Financial Supervisory Authority (ASF)

No.	Rules for the application of the principles of corporate governance	Conformity YES NO		If NO – explanations	Further explanation
1.	The regulated entity defined in its instruments of incorporation and internal policies the responsibilities of the board on the implementation and compliance with the principles of corporate governance.	YES			<i>EGM of 20 April 2017 approved the amendment to the company's Articles of Association act with the core responsibilities of the Board of Directors regarding the implementation and observance of the principles of corporate governance, as required by the ASF Regulation no. 2/2016. The amendment to the Articles of Association was approved by the ASF, being currently in force.</i>
2.	The internal policies and / or regulations lay down the corporate governance structures, functions, competences and responsibilities of the board and executive management/senior management.	YES			<i>The company's internal regulations, approved by ASF, include these requirements.</i>
3.	The annual report of the regulated entity is accompanied by an explanatory note which shall describe the relevant events in connection with the application of the principles of corporate governance, occurring over the financial year.	YES			<i>Relevant matters concerning corporate governance during the financial year are presented in detail in SIF Banat-Crișana's annual report, that includes a chapter on corporate governance. Together with the annual report is published the statement of the application of corporate governance principles as per ASF Regulation no. 2/2016 and the status of compliance with the provisions of the Corporate Governance Code issued by Bucharest Stock Exchange.</i>
4.	The regulated entity has drawn up a communication strategy with the stakeholders, to ensure a proper information.	YES			<i>The Company applies a proper communication strategy, which ensures continuous reporting in an objective and upright manner, of all important aspects of the business and its results. The website is a useful platform for communication with all stakeholders. The financial calendar, published at the beginning of each year, declares the dates of all financial reporting during the year and other important events.</i>
5.	The structure of the board ensures, if the case, a balance between the executive and non-executive members so that no person or small group of persons influences the decision-making process.	YES			<i>The structure of the Board ensures the balance between executive and non-members, so that decision making process is not influenced. The Board is comprised of three non-executive members and two executive members.</i>
6.	The board is convened at least every three months to monitor the performance of the regulated entity's business.	YES			<i>Per the articles of association, the Board meets monthly.</i>
7.	The board or the executive management/senior management, as the case, regularly reviews the policies on the financial reporting, internal control and risk management system adopted by the regulated entity.	YES			<i>The Board regularly examines the matters mentioned, evidenced by periodic revisions of internal policies and procedures concerning periodical reporting, internal control and risk management system. Revisions aim at the immediate alignment to possible legislative changes as well as systems' operational improvements.</i>

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8.	In fulfilling its duties, the board is assisted by advisory committees issuing recommendations various topics subject to decision-making.	YES			<i>The Board has the support of the Committees established at this body level to substantiate specific decisions. As at December 31, 2018, within the Board functioned the Audit Committee and the Remunerations and Nomination Committee.</i>
9.	The advisory committees submit to the board works/reports on the topics entrusted by it.	YES			<i>The committees submit to the Board works/reports on the assigned subjects.</i>
10.	The procedures / policies / internal regulations of the regulated entities there are concerning the selection of applications for the persons of the executive management/senior management, appointment of new persons or renewal of the existing mandates.	YES			<i>It is operational in the Company the internal procedure on the assessment of the management structure and members holding key functions in the company. In addition, eligibility criteria for members of the management structure and key functions are regulated by ASF.</i>
11.	The regulated entity shall ensure that the executive management/senior management undergo continuous professional training so that it efficiently performs its tasks.	YES			<i>Executive/senior management regularly attend professional development programs.</i>
12.	Key functions are established so as they match the organisational structure of the regulated entity compliant with the applicable regulations.	YES			<i>The organizational chart of the company complies with the organizational structure, appropriate to the applicable regulations.</i>
13.	The board regularly reviews the efficiency of the internal control system of the regulated entity and its update manner to ensure a rigorous management of the risks to which the regulated entity is exposed.	YES			<i>The Board periodically reviews the efficiency of the internal control system based on the reports submitted by the responsible departments.</i>
14.	The audit committee makes recommendations to the board on the selection, appointment and replacement of the financial auditor, and on the terms and conditions of its remuneration.	YES			<i>The Audit Committee makes the requested recommendations, these are recorded in the minutes of the Committee's meeting.</i>
15.	The board reviews at least once a year and ensures that the remuneration policies are consistent and are subject to an efficient risk management.	YES			<i>In February 2018, the Board approved the Remuneration policy of SIF Banat-Crișana, which was submitted within the file for authorization of the company as AIFM, in March 2018 The remuneration policy includes express provisions whereby the Board of Directors of SIF Banat-Crișana is bound that, at least once a year, to analyse and ensure that the remuneration policies are appropriate.</i>
16.	The remuneration policy of the regulated entity is set out in the internal regulations on the implementation and compliance with the principles of corporate governance.	YES			<i>The Remuneration policy of SIF Banat-Crișana is an integral part of the body of internal regulations and procedures of the Company.</i>
17.	The board has adopted a procedure for the identification and proper settlement of any conflict of interest.	YES			<i>The internal procedure regarding conflicts of interest, insider information and personal transactions is operational in the company, containing a distinct chapter on the procedure for determining and managing conflicts of interest.</i>
18.	The executive management/senior management, as appropriate, informs the board of any conflict of interest and does not participate in the decision-making process which is related to the state of conflict.	YES			<i>Internal regulations and procedures include specific provisions on the declaration of conflicts of interest and appropriate measures in these situations.</i>

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					<i>Situations of conflict of interest led / lead to abstain from decision-making process, such situations are recorded in internal documents.</i>
19.	The board analyses at least once a year the efficiency of the risk management system of the regulated entity.	YES			<i>The Board / Audit Committee monitors and periodically analyses the efficiency of the internal control, internal audit, and risk management systems of the company, based on the reports submitted by the responsible compartments.</i>
20.	The regulated entity has drawn up procedures for the identification, assessment and management of the significant risks to which it is, or is likely to be, exposed.	YES			<i>The Board approved procedures on the identification, assessment and management of significant risks to which the company is, or is likely to be, exposed. They are periodically updated, both for aligning to the possible legislative changes, and for possible operational improvements to risk management processes. In February 2018, the Board approved the review of SIF Banat-Crişana's Significant Risk Management Policy, updating the risk assessment, management and monitoring systems.</i>
21.	The regulated entity has in place clear action plans for the continuity of its business and for any emergency situations.	YES			<i>There are operational in the Company internal procedures that comprise plans of action for the continuity of company's business and for emergency situations. The Internal Regulations comprise a separate chapter on this matter.</i>

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