

## STATEMENT OF COMPLIANCE WITH THE BUCHAREST STOCK EXCHANGE CORPORATE GOVERNANCE CODE

Code provision	Complies	Does not comply or partially complies	Reason for non-compliance
<b>A.1</b> All companies should have an 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.	X		
<b>A.2</b> Provisions for the management of conflict of interest should be included in the Board regulation. <b><u>In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise and should refrain from taking part in the discussion</u></b> (including by not being present, except the case where failure to appear would impede the existence of quorum) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	X		
<b>A.3</b> The Board of Directors should have at least five members.	X		
<b>A.4</b> The majority of the members of the Board of Directors should be non-executive. Not less than two non-executive members of the Board of Directors should be independent. Each member of the Board of Directors 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 terms of his/her character and judgement.	X		
<b>A.5</b> Other relatively permanent professional commitments and engagements of a Board member, including executive and non-executive positions in the Board of some companies and non-profit institutions, should be disclosed to shareholders and potential investors before appointment and during his/her mandate.	X		
<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. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	X		
<b>A.7</b> The company should appoint a Board secretary responsible for supporting the work of the Board.	X		
<b>A.8</b> The corporate governance statement will inform on whether an evaluation of the Board has taken place under the leadership of the chairman or nomination and remuneration committee and, if it has, it will summarize the 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.	X		

<b>A.9</b>	The corporate governance statement should contain information on the number of meetings of the Board and committees during the last year, administrators attendance (in person and in absentia) and a report of the Board and committees on their activities.	X		
<b>A.10</b>	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors.	X		
<b>A.11</b>	The Board must set up a nomination and remuneration committee formed mostly of non-executives which will conduct the process for appointments of new Board members and make recommendations to the Board. The majority of the members of the nomination and remuneration committee should be independent. The committee chair is an independent administrator.	X		
<b>B.1</b>	The Board should set up an audit committee, which should be composed of at least three members and the majority of the audit committee should be independent. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven adequate auditing or accounting experience.	X		
<b>B.2</b>	The Audit Committee should be chaired by an independent non-executive member.	X		
<b>B.3</b>	Among its responsibilities, the Audit Committee should undertake an annual assessment of the system of internal control.	X		
<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 presented to the audit committee of the Board, management's responsiveness and effectiveness in dealing with deficiencies or weaknesses identified by the internal control and submission of relevant reports to the Board.	X		
<b>B.5</b>	The Audit Committee should assess conflicts of interests related to the transactions of the company and its subsidiaries with affiliated parties.	X		
<b>B.6</b>	The Audit Committee should evaluate the efficiency of the internal control system and risk management system.	X		
<b>B.7</b>	The Audit Committee should monitor the application of legal standards and generally accepted standards of internal auditing. The Audit Committee should receive and evaluate the reports of the internal audit team.	X		
<b>B.8</b>	Whenever the Code mentions reports or analyses initiated by the Audit Committee, these should be followed by periodical (at least annual) or ad-hoc reports to be submitted to the Board afterwards.	X		
<b>B.9</b>	No shareholder may be given preferential treatment over other shareholders with regard to transactions and agreements concluded by the company with shareholders and their related parties.	X		
<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, whose value is equal to or more than 5% of the net	X		

	assets of the company (as stated in the latest financial report), is approved by the Board following a mandatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent in which such transactions fall under the category of events subject to reporting requirements.			
<b>B.11</b>	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by employing an independent third-party entity.	X		
<b>B.12</b>	To ensure the fulfilment of the core functions of the internal audit department, it should report from an operational point of view to the Board via the audit committee. For administrative purposes and within the obligations of the management to monitor and mitigate risks, it should report directly to the general manager.	X		
<b>C.1</b>	The remuneration policy should be formulated in such a way that allows shareholders to understand the principles and rationale behind the remuneration of the members of the Board and the GM. It should describe the remuneration governance and decision-making process, detail the components of the executive's remuneration (i.e. salaries, annual bonus, long term share-linked incentives, benefits in kind, pensions, and others) and describe the purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should mention the duration of the executive's contract and the notice period stipulated in contract and possible compensation for revocation without fair cause.	X		
<b>D.1</b>	The company should have an Investor Relations division - made known to the public by the person(s) responsible or as organizational unit. Besides the 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:	X		
<b>D.1.1</b>	Main corporate regulations: the articles of association, general shareholders' meeting procedures.	X		
<b>D.1.2</b>	Professional CVs of the members of its governing bodies, other professional commitments of a Board member, including executive and non-executive Board positions in companies and non-profit institutions;	X		
<b>D.1.3</b>	Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	X		
<b>D.1.4</b>	Information related to general meetings of shareholders: the agenda and supporting materials; the election procedure of the Board members; the rationale for the proposal of candidates for the election in the Board, together with their professional CVs; shareholders' questions as regard to the agenda and the company's answers, including the decisions taken;	X		
<b>D.1.5</b>	Information on corporate events, such as payment of dividends and other distributions to	X		

	shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;			
<b>D.1.6</b>	The name and contact data of a person who should be able to provide relevant information on request;	X		
<b>D.1.7</b>	Corporate presentations (e.g. investor presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	X		
<b>D.2</b>	The company will have a policy of annual dividend distribution or other benefits to the shareholders, proposed by the GM and adopted by the Board, as a set of guiding directions which the company intends to follow regarding the distribution of net profit. The annual shareholder distribution principles will be published on the corporate website.		X	<p>The company has not formalized a policy regarding the annual distribution of dividend, but, despite this fact, the company distributed a sizeable annual dividend. Thus, in the last 7 years the amounts distributed represented between 54% and 90% of net profit. The value of the dividend / share was proposed by the executive management, adopted by the Administration Board and submitted to the approval of OGSM annually.</p> <p>In the Ordinary General Meetings having had on the agenda the approval of net profit allocation, at the same time with the value of the dividend/share, also the methods of their distribution to the shareholders were approved.</p> <p>During 2018, besides the dividend distributed to the shareholders, the OGSM approved the carrying out of an own shares repurchase program aiming to reduce the share capital. The repurchase program was carried out in the period 28.01.2019 - 08.02.2019, the number of securities purchased being of 19,622,585 shares and the total amount paid 49,056,462.5 lei.</p>

<b>D.3</b>	The company will adopt a policy with respect to forecasts, whether they are made public or not. The forecasts refer to the quantified conclusions of studies aimed at determining the global impact of a list of factors related to a future period (so called assumptions): by its nature such a task has a high level of uncertainty, with results sometimes significantly differing from the forecasts initially presented. The forecast policy will set the frequency, period envisaged and content of forecasts. The forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy will be published on the corporate website.	X		
<b>D.4</b>	The rules of general meetings of shareholders will not limit the participation of shareholders in general meetings and the exercising of their rights. The amendments of the rules shall enter into force at the earliest as from the next general meeting of shareholders.	X		
<b>D.5</b>	The external auditors will attend the shareholders' meetings when their reports are presented there.	X		
<b>D.6</b>	The Board will 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 of the general meeting.	X		
<b>D.7</b>	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	X		
<b>D.8</b>	The quarterly and semi-annual financial reports will 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 quarter-on-quarter and year-on-year.	X		
<b>D.9</b>	The company will 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.		X	The information regarding the corporate governance, regular and continuous reports submitted to the settled market and published on the company website provided a high degree of transparency and allowed investors to make decisions based on concrete and comprehensive data. On the occasion of the GSMs during 2018, it was provided within the Procedure on organizing and running SIF Oltenia SA GSMs the possibility of requesting the attendance by the analysts, investors, journalists, specialists etc.

				<p>"On GSM of SIF Oltenia SA may attend any specialist, adviser, expert or financial analysts based on a previous invitation from the company's Board of Administrators. The journalists accredited at SIF Oltenia SA may attend the GSM, unless the Chairman of the Board of Administrators decides otherwise."</p> <p><b><i>There were not such previous requests</i></b></p>
<b>D.10</b>	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers their impact on the innovativeness and competitiveness of the company is part of its business mission and development strategy, it will publish the policy related to its activity in this area.		X	The company has no policy as for supporting various forms of artistic and cultural expression, sports activities, educational or scientific activities, but it granted sponsorships up to 2,500 lei/event during the year 2018.

Associate prof. PhD. ec. Tudor CIUREZU

President

The Administration Board

Associate prof. PhD. Cristian BUȘU, MBA

Vice President