

Annex 1

The state of compliance with the provisions of the new Corporate Governance Code of BVB ¹ on December 31 2016		Compliance YES / NO
Section A - Responsibilities		
A.1. All the companies must have an internal regulation of the Council that includes terms of reference/responsibilities of the Council and the key management functions of the company, and which applies, among other things, the General Principles of this Section.		YES
A.2. The provisions for managing conflicts of interest should be included in the Council Regulation.		YES
A.3. The Council must consist of at least five members.		YES
A.4. Most members of the Council must not have executive functions. In the case of Premium Category companies, not less than two non-executive members of the Council must be independent. Each independent member of the Council shall make a declaration at the time of his nomination for election or re-election and when any change of his status occurs, indicating the elements on the basis of which he is considered to be independent in terms of his character and judgment.		YES
A.5. Other relatively permanent commitments and professional obligations of a member of the Board, including executive and non-executive positions in the Board of Nonprofit Companies should be disclosed to shareholders and potential investors prior to the nomination and during their term of office.		YES
A.6. Any member of the Council must provide to the Council information on any report with a shareholder directly or indirectly		YES

owning shares representing more than 5% of all voting rights.

¹ The annex contains the main provisions of the Code. For the full text of the Code, please visit the Bucharest Stock Exchange website.

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A.7. The company must designate a secretary of the Council responsible for supporting the work of the Council.		YES
A.8. The statement concerning the Corporate Governance provides information whether an evaluation of the Council has taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The society must have a policy/ guidance on the Council's assessment of the scope, criteria and frequency of the assessment process.		YES
A.9. The statement concerning the Corporate Governance should contain information on the number of the Council and committee meetings over the past year, the administrators' participation (in person and in their absence) and a report by the Council and committees upon their activities.		YES
A.10. The corporate governance statement should include information on the exact number of independent members of the Council.		YES
A.11. The Board of the Premium Companies must establish a nomination committee made up of non-executive members, who will direct the nomination procedure of new members to the Council and will make recommendations to the Council. Most members of the nomination committee must be independent.		YES
Section B - The Risk management and internal control system		

<p>B.1. The Council should set up an audit committee in which at least one member should be a non-executive and independent. In the case of Premium Category companies, the audit committee must be composed of at least three members and the majority of the members of the audit committee must be independent.</p>	<p>YES</p>
<p>B.2. The chairman of the audit committee must be an independent non-executive member.</p>	<p>YES</p>

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B.3. Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.		YES
B.4. The assessment should take into account the effectiveness and coverage of the internal audit function, the degree of adequacy of the risk management and internal control reports submitted to the Council's audit committee, the promptness and effectiveness with which the executive management addresses the deficiencies or weaknesses identified in the audit Internal and the submission of relevant reports to the Council.		YES
B.5. The Audit committee should assess the conflicts of interest in relation to the transactions of the company and its subsidiaries with the affiliated parties.	We do NOT have subsidiaries	
B.6. The audit committee must assess the effectiveness of the internal control system and the risk management system.	DA	
B.7. The Audit Committee should monitor the application of the general standards and the generally accepted legal standards and internal audit standards. The audit committee must receive and assess the internal audit team reports.	DA	
B.8. Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Council.	DA	

<p>B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements concluded between the company and shareholders and their affiliates.</p>	DA
<p>B.10. The Council should adopt a policy to ensure that any company transaction with any of the companies with which it has close relationships with a value equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Council following a mandatory opinion of the audit committee.</p>	DA

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B.11. The internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.		YES
B.12. In order to ensure the main functions of the internal audit department, it must report functionally to the Council through the audit committee. For administrative purposes and within the management's responsibility to monitor and mitigate risks, it must report directly to the General Director.		YES
Section C - Fair reward and motivation		
C.1. The company must publish the remuneration policy on its website and include a statement on the implementation of the remuneration policy in the annual report during the annual period which is subject of the analysis. Any essential change occurred in the remuneration policy must be published in a timely manner on the company's website.		YES
Section D - Adding value through investor relations		
D.1. The company must organize an Investor Relations Service - indicating to the general public the responsible person(s) or the organizational unit. In addition to the information required by the law, the company must include on its website a section		

<p>dedicated to Investor Relations, in Romanian and English, with all the relevant information of interest to investors, including:</p> <p>D.1.1. The main corporate regulations: the constitutive act, the procedures regarding the general meetings of shareholders;</p> <p>D.1.2. The professional CVs of members of the company's management bodies, other professional commitments of the Board members, including the executive and non-executive positions in boards of directors in companies or non-profit institutions;</p> <p>D.1.3. The current reports and periodic reports (quarterly, half-yearly and annual);</p> <p>D.1.4. Information concerning the general meetings of shareholders;</p>	<p>YES</p>
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<p>D.1.5. Information concerning corporate events;</p> <p>D.1.6. The names and contact details of a person who will be able to provide relevant information upon request;</p> <p>D.1.7. The company presentations (e.g., investor presentations, quarterly results presentations, etc.), the financial situations (quarterly, half-yearly, annual), audit reports and annual reports.</p>		
D.2. The company will have a policy on the annual distribution of dividends or other benefits to shareholders. The principles of the annual distribution policy to shareholders will be published on the company's website.		YES
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasting policy will be published on the company's website.		YES
D.4. The rules of general shareholders' meetings should not limit the participation of shareholders to general meetings and the exercise of their rights. The changes to the rules will enter into force at the earliest, starting with the following shareholders meeting.		YES
D.5. The external auditors will be present at the general shareholders' meeting when their reports are presented at these meetings.		YES

<p>D.6. The Board will provide the annual general meeting of shareholders with a brief assessment of the internal control and risk management systems as well as opinions on matters subject to the decision of the general meeting.</p>	<p>YES</p>
<p>D.7. Any specialist, consultant, expert, or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. The accredited journalists may also participate in the general meeting of shareholders, unless the President of the Council decides otherwise.</p>	<p>YES</p>

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D.8. The quarterly and half-yearly financial reports will include both Romanian and English information concerning the key factors that affect the changes in sales, the operating profit, the net profit and other relevant financial indicators from quarter to quarter, and from one year to another.		YES
D.9. A company will hold at least two meetings/teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Investor Relations section of the company's website at the dates of the meetings/teleconferences.		YES
D.10. If a company supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities and considers that their impact upon the innovative character and the competitiveness of the company is part of its mission and development strategy, it will publish the policy on the activity in this area.		YES