

**REGULATIONS OF CORPORATE GOVERNANCE  
OF  
S.I.F. OLTENIA S.A.**

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## PREAMBLE

S.I.F. Oltenia S.A., in the capacity of issuer quoted in the 1<sup>st</sup> category of B.V.B., is permanently preoccupied with the observance of the principles of corporate governance from the Code of Corporate Governance of B.V.B.

## CHAPTER 1

### STRUCTURES OF CORPORATE GOVERNANCE

S.I.F. Oltenia S.A. is administered on the basis of a unitary system, according to the provisions of the constitutive act.

The structures of corporate governance of S.I.F. Oltenia S.A. are represented by the Administration Board, the effective leadership (leaders) and by the executive Leadership, bodies for which we are going to present further on the functions, competences and responsibilities.

#### **The Administration Board**

The company is administered by an Administration Board composed of 7 members, natural persons, elected or appointed by the general assembly for a period of 4 years, with the possibility to be re-elected. The members of the Administration Board are approved by R.N.S.C.

The members of the Administration Board are elected by the **Ordinary General Assembly of Shareholders**.

For the validation of the deliberations of the Ordinary General Assembly of Shareholders, it is necessary the presence / representation of the shareholders that should represent at least half of the social capital and the decisions should be taken by the shareholders who possess the majority of the social capital represented in the assembly. If the validity conditions are not fulfilled at a second convocation of the Ordinary General Assembly of Shareholders, it will

be able to deliberate on the election of the members of the Administration Board regardless of the part of social capital represented by the shareholders present, the decisions being taken with majority.

In its activity the Administration Board adopts decisions. The decisions legally adopted are compulsory for the effective, executive leaders and for the other administrators and are enforceable from the moment of their communication in writing or from the moment of the general information, by means of the secretariat office of the Administration Board, if from their content is not provided another term after the information, from which it should enter into force.

The strategic objective of the Administration Board of S.I.F. Oltenia S.A. on medium and long term is formed by the assurance of the continuity of the activity in conditions of efficiency and satisfaction of the interests of the company shareholders.

The obligations and responsibilities of administrators are settled by the dispositions provided in Law no. 31/1990 with subsequent modifications and completions, in Law no. 297/2004 with subsequent modifications and completions, R.N.S.C. applicable regulations and the provisions of the constitutive acts (statute and contract).

The Administration Board can create advisory committees formed from the Board members, whose duties are to develop investigations and elaborate recommendations for the board, in fields like the **audit, the remuneration of administrators, managers, personnel, the nomination** of candidates for various leading positions, etc. The Administration Board establishes the internal rules of the committees formed.

The committees will be formed with the observance of the independence conditions of the members imposed by the Code of Corporate Governance of Bucharest Stock Exchange.

The Administration Board approves the competences delegations and establishes the competence limits for the President / General Manager, Vice President / Deputy General Manager. The operations accomplished on the basis of the competences delegated to the effective leaders are reported to the Administration Board in written or verbal reports, usually on occasion of the meetings of the Administration Board.

### **The effective leadership**

The effective leadership of the company is assured, according to the provisions of the Constitutive Act and of the internal Regulations in force, by the three leaders, respectively: General Manager, Deputy General Manager and Manager.

The effective leadership is appointed by the Administration Board of the company and informs the Administration Board regarding the activity developed between its periodical meetings.

The effective leadership is empowered to lead and coordinate the daily activity of the company and is invested with the competence to engage the company responsibility.

The effective leaders of the company are responsible for assuring the observance of the internal regulations of the company and the work procedures.

### **Note:**

On 15.01.2011, the Administration Board of S.I.F. OLTENIA S.A. decided to modify the Organization Chart and the internal Regulations of the company in the sense that the effective leadership of the company will be assured by two persons, respectively: General Manager and Deputy General Manager. The provisions of the internal regulations, the way they were approved in the meeting of the Administration Board from 15.01.2011, will be applied starting with their approval date by R.N.S.C.

### **The President / General Manager**

The President is elected by the Administration Board between its members and fulfils the function of General Manager, effective leader of the company.

In the capacity of President of the Administration Board:

- He convokes the Administration Board;
- He presides the meetings of the Administration Board;
- He supervises the fulfilment of the decisions of the Administration Board;
- He leads the works of the General Assembly of Shareholders and submits to debate and approval of the General Assembly of Shareholders the matters inscribed on the order of the day.

In the capacity of General Manager, he puts into execution the decisions of the Administration Board, in this sense he issues written decisions and dispositions. The decisions and dispositions are enforceable immediately and produce their effects from the moment in which they are brought to the knowledge of the persons appointed to fulfil them.

### **Vice President - General Deputy Manager**

The vice president is elected by the Administration Board between its members and also fulfils the position of Deputy General Manager, effective leader of the company.

In the absence of the President / General Manager, he fulfils his attributions corresponding to the capacity of President of the Administration Board and to that of General Manager of the company.

## **CHAPTER 2**

### **THE RIGHTS OF SHAREHOLDERS**

S.I.F. Oltenia S.A. has a very large number of shareholders (over 5 million natural and legal persons), as a consequence of the foundation modality of the company and corresponding to its capacity of organism of collective placement.

The main desideratum of the share-holding policy supposes the compliance of the rights of shareholders, thus assuring them an even treatment.

The General Assembly of Shareholders (AGA), the supreme leading body of S.I.F. Oltenia S.A., is convoked by the Administration Board according to the legal and statutory provisions. The works of the meetings are registered by the secretariat office chosen by AGA; the minutes is drafted in holograph manner in the special register.

For the General Assemblies of Shareholders, in a dedicated section of the company site [www.sifolt.ro](http://www.sifolt.ro), details regarding the development of the assembly are published: the AGA notice to attend; the materials related to the order of the day as well as any other information regarding the subjects of the order of the day; the forms for the exercise of the vote by special power of attorney and the voting bulletin by correspondence; the participation and voting procedures which assure the ordered and efficient development of the works of the General Assembly of Shareholders, and which give the right to any shareholder to freely express his opinion on the matters to be debated.

The General Assembly of Shareholders adopts decisions based on projects proposed by the Administration Board and/or shareholders.

The decisions taken in the General Assembly of Shareholders and those regarding the detailed result of the vote (document issued in the form of „A.G.A. Decisions”, signed by the meeting president) are reported to R.N.S.C., B.V.B., communicated in the media, in the Official Gazette part IV, The R.N.S.C. Bulletin, displayed on the official site [www.sifolt.ro](http://www.sifolt.ro).

For each financial exercise on the site are displayed, on term, the information regarding the financial calendar and the content of the periodical reports (annual, semestrial and trimestrial) and of the current reports regarding important events from the activity of the company.

The correspondence with the shareholders is assured by all means available to them, like this: written correspondence, electronic and phone correspondence. In its most part, the correspondence developed aims information regarding the payment of dividends (amount, modalities, procedures, terms etc), the transfers of shares in case of inheritance, updates of personal data, transaction modalities, data of financial reporting (periodical reports, net assets etc), information about taxation norms, the taxation regime of non residents (direct correspondence, custodians or other intermediaries) etc.

## **CHAPTER 3**

### **THE ADMINISTRATION BOARD**

#### **3.1. THE ROLE AND OBLIGATIONS OF THE ADMINISTRATION BOARD**

The attributions and competence limits of the Administration Board are those provided in the incident legislation to the functioning of a company of financial investments and the Constitutive Acts (statute and contract):

- Approves the operations of cashes and payments;
- Approves the operations of sale and purchase of goods;
- Establishes the marketing tactic and strategy;
- Approves the conclusion or cancellation of contracts;
- Submits to the approval of the Ordinary General Assembly of shareholders within 4 months from the closing of the financial exercise, the annual financial statements, on the basis of the reports of administrators and financial auditor, the allocation of the profit, the establishment of the dividend, the budget of incomes and expenses and the activity program for the next financial exercise;
- Approves the contracting of bank loans and the award of warranties;
- Approves the pledge, rent and mortgage of the company goods;
- Approves the administration contracts and the depositing contracts ;

- Approves the organization and functioning regulations of the company, the operation and control guidebook, the administration politics and strategies;
- Employment and dismissal of the executive managers of the company, the establishment of their rights and debts;
- Solves any other problems established by the General Assembly of Shareholders.

The Administration Board of S.I.F. Oltenia S.A. delegated some of the attributions to the effective leaders, which are contained in the “Internal Regulations” approved by R.N.S.C. Approval no. 48/16.09.2008.

The Administration Board develops its activity by deliberations in the meetings convoked according to statutory and legal provisions.

The President General Manager, or in his absence, the Vice President Deputy General Manager convokes the Administration Board, establishes the order of the day, supervises on the adequate informing of the board members regarding the points on the order of the day and presides the meeting. The deliberations in the meetings are registered by the secretary of the Administration Board in real time, in the register of minutes, at the end of the meeting the minutes being signed by the administrators present. The administrators who do not participate in the meetings, acknowledge the content of debates and of the decisions adopted in the next meeting, this being written both in the minutes and in the decisions.

The decisions of the Administration Board are enforceable for the employees of S.I.F. Oltenia S.A.

The problems required by the administrators in the meeting are the object of the checks and reporting made by the specialty compartments (audit, legal service, internal control, etc.)



The obligations and responsibilities of the administrators are settled by the dispositions specially provided in Law no. 31/1990 with the subsequent modifications and completions, Law no. 297/2004 with the subsequent modifications and completions, R.N.S.C. applicable regulations and statutory provisions.

### **3.2. THE STRUCTURE OF THE ADMINISTRATION BOARD**

S.I.F. Oltenia S.A., according to the statutory regulations, is managed by an Administration Board composed of 7 members, elected or appointed by the general assembly for a period of 4 years, with the possibility of being re-elected.

The administrators of S.I.F. Oltenia S.A. must respond to the requirements provided by the incident regulations to the functioning of the company as a commercial company on shares and as A.O.P.C., entity settled by R.N.S.C. as follows:

- to have a good reputation and enough experience to assure the safe and prudent administration of SIF;
- not to be members in the Administration Board of a credit institution which fulfils the position of depositary for S.I.F. Oltenia S.A., present not to be members in the Administration Board of S.S.I.F. with whom S.I.F. Oltenia S.A. concluded an intermediation contract or in the Administration Board of another SIF and not to be employed or have any kind of contractual relation, direct or indirect, with another SIF or SAI. The Members of the Administration Board of S.I.F. Oltenia S.A. cannot be members in the Administration Board of a SAI;
- not to have been convicted by a final sentence for fraudulent administration, abuse of confidence, forgery, use of forgery, cheat, dilapidation, lying testimony, give or take of bribery as well as other infractions of economic nature;
- not to be under the incidence of the sanctions provided by art. 273 paragraph (1) letter (c) of the Law 297/2004 applied by RNSC or of certain similar sanctions applied by BNR, CSA or by other surveillance and regulation authorities in the economic and financial field from Romania or abroad;

- to have higher studies of long term graduated with a bachelor exam or diploma exam, according to case;
- to have professional experience in a field that could be circumscribed to the financial – banking activity or of the capital market or in the juridical field of minimum 3 years.

- not to have held the position of administrator of a Romanian or foreign commercial company in course of judicial reorganization or declared in state of bankruptcy, in the last two years previous to the starting of the bankruptcy procedure, situation for which it is proved they are responsible, if the responsibility was decided by final and irrevocable judicial decision

The structure of the Administration Board of S.I.F. Oltenia S.A. assures a balance between the executive and non-executive members.

### **3.3. THE APPOINTMENT OF THE MEMBERS OF THE ADMINISTRATION BOARD**

The election of the members of the Administration Board by the vote of shareholders in the General Assembly of Shareholders has at its basis a transparent procedure, by bringing to public knowledge the content of the candidature file and the criteria for the fulfilment of the capacity of administrator in an investments company.

The election of a number of administrators smaller than 7, leads implicitly to the creation of vacant seats in the Administration Board; for the completion of the vacant seats, the Administration Board is empowered – according to the statutory provisions – to appoint provisory administrators. The first ordinary general assembly will appoint a new administrator. The duration for which he is elected will be equal to the period remained until the expiration of the mandate of his predecessor.

The company, in the capacity of settled AOPC, complies with the specific regulations of R.N.S.C. regarding the filing procedure of candidatures, which is a public procedure. The election of an administrator for a vacant seat is made by the General Assembly of Shareholders according to the Constitutive Acts.

### **3.4. THE REMUNERATION OF THE MEMBERS OF THE ADMINISTRATION BOARD**

At present the Administration Board fulfils the tasks related to the establishment of the remuneration politic for administrators and managers, which is submitted every year to the approval of A.G.A.

According to the provisions of the Law no. 31/1990, yearly, the General Assembly of Shareholders approves the remuneration politic for administrators and members of the executive leadership, as well as the participation to profit, taking into account the fulfillment of the performance indicators, the economic-financial results of the company, the performance criteria and the responsibilities imposed through the activity program, the budget of incomes and expenses.

## **CHAPTER 4 TRANSPARENCY, FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT**

S.I.F. Oltenia S.A. supplies relevant periodical and continuous information, according to the accountant standards of financial reporting.

S.I.F. Oltenia S.A. disseminates in the English language the information which represents the subject of the reporting requirements: periodical information, continuous information, financial reporting, by publishing them on the website [www.sifolt.ro](http://www.sifolt.ro).

Monthly, S.I.F. Oltenia S.A. informs the market and the investors on its results and activity, by making available the situation of assets and every trimester, semester and year the financial statements elaborated according to the IVth CEE Directive.

Within S.I.F. Oltenia S.A. an **Audit Committee** composed of the members of the Administration Board does not function, because none of the members of the Administration Board fulfils the condition of independent administrator, the way he is defined by the legal provisions.

As soon as the structure of the Administration Board allows it, the audit committee will be formed.

The main attributions of the audit committee are fulfilled at the moment by the internal auditor – employee of the company and by the financial auditor.

### **The compartment of internal control**

The compartment of internal control assures the supervision of the compliance by S.I.F. Oltenia S.A. and its personnel of the legislation in force incident to the capital market, as well as of the internal regulations and procedures .

The employee who fulfils the capacity of representative of the compartment of internal control (RCCI) is submitted to the R.N.S.C. authorization according to the R.N.S.C. Regulations no. 15/2004, and to the registration in the Public Register of R.N.S.C. according to the Regulations no. 4/2009. When fulfilling the attributions entrusted, the representative of the compartment of internal control reports directly to the Administration Board and/or the President of S.I.F. Oltenia S.A.

## **CHAPTER 5**

## **THE INTERESTS CONFLICT AND THE TRANSACTIONS WITH PERSONS INVOLVED ("TRANSACTIONS WITH ITSELF")**

S.I.F. Oltenia S.A. possesses a set of rules regarding:

- Ethic rules of the employees of S.I.F. Oltenia S.A. and the modality in which it will be acted so as to prevent the infringement by them of the incident legal provisions, including those of the R.N.S.C. Regulations no. 15/2004;
- Procedures for the avoidance of interests conflicts;
- Rules regarding personal transactions of the administrators, leaders and company employees.

The members of the company leadership and the administrators, as well as any other persons with whom the company has concluded a work contract are forbidden to disseminate information regarding the transactions which the company intends to make with the financial instruments found in the portfolio of the company.

The list of the persons with access to privileged information is permanently updated, the situation being transmitted to R.N.S.C. The notification obligation of the transactions made by the persons initiated is both personal and of intermediaries, and the information is disseminated by means of the website B.V.B.

It is forbidden the conclusion of transactions with shares of S.I.F. Oltenia S.A. over the limit provided in the constitutive act and the legal regulations in force.

It is forbidden the conclusion of transactions with securities and/or financial instruments, which could have as a purpose the hiding of the identity of their owner.

It is forbidden to make transactions with securities / financial instruments with bad faith, by manipulation or by fraudulent means.

It is forbidden to acquire in own name securities issued by a commercial company in which S.I.F. Oltenia S.A. initiated a purchase public offer, previous to the moment in which the offer is brought to the knowledge of the public.

It is forbidden to make transactions with a certain security / financial instrument based on privileged information or the reveal of such information to a person that could obtain benefits by transacting on the basis of this information;

The company fulfils the reporting and informing institutional obligations, through the modalities stated by the RNSC and BVB regulations, including by posting on the site and publication in the press.

## **CHAPTER 6**

### **THE REGIME OF THE CORPORATE INFORMATION**

The Administration Board has adopted a procedure regarding the internal circuit and the reveal to third parties of the documents and information regarding the issuer, which may influence the evolution of the market price of securities issued by it.

The compartment with attributions in this field periodically elaborates informing activities regarding the implications of the normative provisions concerning the assurance of the confidentiality of data and information, by managing the privileged information (defined in art. 244 of the Law no. 297/2004) within S.I.F. Oltenia S.A. as well as regarding the obligations of the persons initiated.

## **CHAPTER 7**

### **THE SOCIAL RESPONSIBILITY**

S.I.F. Oltenia S.A. permanently develops activities regarding the social responsibility of the company supporting each year directly or by means of foundations / specialized associations, the under-privileged categories from the community where it develops its activity.

The company gets involved in the solution of the social problems of the community in which it develops its activity, and takes into consideration the interests of the company, becoming responsible towards the employees, shareholders, community and environment. The vision of S.I.F. Oltenia S.A. is the promotion of national values, the company getting involved in art and

culture, education, humanitarian actions and for the development of the company.

## **CHAPTER 8**

### **THE ADMINISTRATION SYSTEM**

S.I.F. Oltenia S.A. is administered on the basis of a unitary system, according to the provisions of the constitutive act; the structures of corporate governance of S.I.F. Oltenia S.A. are represented by the Administration Board, the Effective Leadership and the Executive Leadership.

The present Regulations of Corporate Governance was elaborated in 2 copies and approved in the meeting of the Administration Board from 10.03.2011.

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Vice President /Deputy General Manager