



**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 listed in the 1st category of B.V.B., is permanently preoccupied to observe 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 under a single system, according to the provisions of the articles of incorporation.

The structures of corporate governance of S.I.F. Oltenia S.A. are represented by the Administration Board, the effective leadership (leaders) and the Executive management, bodies for which are presented further on the functions, the competences and responsibilities.

The Administration Board

The company is administered by an Administration Board composed of 7 members, individuals, elected or appointed by the General Assembly for a period of 4 years, with the possibility of being reelected. 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 shareholders representing at least half of the social capital and the decisions to be taken by the shareholders holding a majority share capital represented in the assembly. If the validity conditions are not fulfilled in the second meeting of the Ordinary General Assembly of Shareholders, it will be able to deliberate on the election of the members of the



Administration Board, irrespective of the share capital represented by the shareholders present, the decisions being taken by majority.

In its activity, the Administration Board adopts decisions. Legally binding decisions adopted are compulsory for the effective, executive leaders and other administrators and are enforceable from the moment of their communication in writing, or from the moment of general information, through the Secretariat of the Administration Board, if from their content is not provided any other subsequent term to information, after that it will enter into force.

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

The obligations and responsibilities of administrators are governed by the dispositions provided in Law no. 31/1990 as further amended and supplemented, Law no. 297/2004 as further amended and supplemented, applicable R.N.S.C. regulations and the provisions of the articles of incorporation (memorandum and contract).

The Administration Board may establish advisory committees composed of members of the board, responsible for conducting investigations and making recommendations for the board, in areas such as **audit**, **remuneration** of administrators, managers, staff, **appointment** of candidates for various positions of leadership, etc. The Administration Board shall determine the internal rules of the committees formed.

The committees will be formed under the conditions of members independence required by the Corporate Governance Code of Bucharest Stock Exchange.

The Administration Board approves the delegation of powers and establishes the limits to the powers for the President / General Manager,



Vice President / Deputy General Manager. The operations made under the delegated powers to the effective leaders are reported to the Administration Board by written or oral reports, usually at a meeting of the Administration Board.

The effective leadership

The effective leadership of the company is ensured, in accordance with the provisions of the Articles of Incorporation and of the Internal Regulations in force, by two leaders, respectively: General Manager and Deputy General Manager .

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

The effective leadership is empowered to lead and coordinate the daily activity of the company and is invested with the power to incur the company liability.

The effective leaders of the company are responsible for ensuring the compliance with the internal regulations of the company and the working procedures.

Note:

On 15.01.2011, The Administration Board of S.I.F. OLTENIA S.A. has decided to amend the Company's internal Organizational Chart and Regulations, in that the effective company leadership shall be provided by two persons, namely: General Manager and Deputy General Manager. The provisions of the internal regulations, as they were approved in the meeting of the Administration Board from 15.01.2011, were applied starting from the date of their endorsement by the R.N.S.C. with the Approval no. 10/10.03.2011. On 07.07.2011 was held the meeting of the Administration Board in which, based on the Decision of



the Administration Board no. 9, art. 3 / 07.07.2011 was established the Audit Committee, composed of the two independent administrators elected by the Ordinary General Assembly of Shareholders, dated 29.04.20011, respectively misters Lucian Bușe and Petre Ghibu. The internal regulations thus supplemented with the Audit Committee have received the R.N.S.C. Approval no. 32 / 24.08.2011 and applies from this date on.

The President / General Manager

The President is elected by the Administration Board from among its members and also fulfils the position of General Manager, effective leader of the company.

In the capacity of President of the Administration Board:

- Convenes the Administration Board;
- Chairs the meetings of the Administration Board;
- Aims to fulfil the decisions of the Administration Board;

Leads the works of the General Assembly of Shareholders and submits to debate and approval of the General Meeting of Shareholders the problems included on the agenda.

In the capacity of General Manager enforces the decisions of the Administration Board, in this respect he issues written decisions and orders. The decisions and dispositions are immediately enforceable and shall take effect once they are brought to the knowledge of the persons empowered to carry them out.

The Vice President – The Deputy General Manager

The Vice President is elected by the Administration Board from among its members and fulfils the position of Deputy General Manager, effective leader of the company.

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



CHAPTER 2

SHAREHOLDERS` RIGHTS

S.I.F. Oltenia S.A. has a very large number of shareholders (over 5 million individuals and legal entities), subsequent to the way the company was founded and corresponding to its quality of organism of collective placement.

The main goal of the ownership policy is the observance of the shareholders` rights, ensuring them a fair treatment.

The General Assembly of Shareholders (AGA), the supreme governing body of S.I.F. Oltenia S.A., is convened by the Administration Board according to the legal and statutory provisions. The works of the meetings are recorded by the secretariat elected by AGA; the minutes is drawn by hand in the special register.

For the General Assemblies of Shareholders shall be published, in a dedicated section of the company site www.sifolt.ro, details regarding the development of the meeting: AGA convening notice; the materials related to the agenda as well as any other information relating to items on the agenda; forms of voting by special power of attorney and ballot by mail; the participation and voting procedures which ensure the orderly and efficient development of the works of General Assembly of Shareholders and which give the right to any shareholder to freely express his opinion on the matters under discussion.

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 in the media, in the Official Gazette part IV, R.N.S.C. Bulletin, displayed on the official site www.sifolt.ro



For each financial exercise are posted on the site, within term, information on financial calendar and the content of periodic reports (annual, biannual and quarterly) and current reports on important events in the business of the company.

The correspondence with shareholders is ensured by all means at their disposal, as follows: written correspondence, electronic and telephone mail. In the majority, the correspondence accomplished intends information on the dividends payment (amount, methods, procedures, deadlines, etc), transfers of shares in case of succession, update of personal data, ways of trading, financial reporting data (periodic reports, net assets, etc) information on tax rules, tax treatment of non residents (direct correspondence, custodians or other intermediaries) etc.

CHAPTER 3

THE ADMINISTRATION BOARD

3.1. ROLE AND OBLIGATIONS OF THE ADMINISTRATION BOARD

The attributions and competence limits of the Administration Board are those provided in the applicable legislation to functioning of a company of financial investments and the Articles of Incorporation (memorandum and contract)

- Approves the operations of collections and payments;
- Approves the operations of sale and purchase of goods;
- Establishes the tactic and marketing strategy;
- Approves the conclusion or termination of contracts;
- Submits for approval to the Ordinary General Assembly of shareholders within 4 months from the conclusion of the financial exercise, the annual financial statements, based on the reports of the administrators and financial auditor, the profit distribution, the dividend setting, the budget of incomes and expenditures and the activity program for the next financial exercise;



- Approves the contracting of bank loans and awarding of warranties;
- Approves the pledging, leasing and mortgaging of the company property;
- Concludes administration contracts and storage contracts;
- Approves the organization and functioning regulations of the company, the operation and control guidebook, the administration politics and strategies;
- Hires and fires the executive managers of the company, establishing their rights and duties;
- Solves any other issues established by the General Assembly of Shareholders.

The Administration Board of S.I.F. Oltenia S.A. has delegated some of its duties to the effective leaders, which are contained in the “Internal regulations” approved by RNSC Approval no. 48/16.09.2008, with additions, approved by RNSC Approval no. 10/10.03.2011, respectively RNSC Approval no. 32 / 24.08.2011.

The Administration Board develops its activity through deliberations in the meetings convened under the statutory and legal provisions.

The President General Manager, or in his absence, the Vice President Deputy General Manager shall convene the Administration Board, sets the agenda, ensure the appropriate information of the board members regarding the issues on the agenda and chairs the meeting.

The Vice President Deputy General Manager convenes the Administration Board, sets the agenda, supervises the appropriate information of the board members regarding the points on the agenda and chairs the meeting. The deliberations in the meetings are recorded by the Secretary of the Administration Board in real time, in the minutes register, at the end of the meeting the minutes being signed by the administrators present. The administrators who do not attend the meeting, take note of



the content of debates and decisions adopted in the next meeting, this being recorded both in the minutes and decisions.

The decisions of the Administration Board are binding on the employees of S.I.F. Oltenia S.A.

The issues requested by administrators within the meetings are subject to checks and reports submitted by specialized departments (audit, legal service, internal control, etc).

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

3.2. THE STRUCTURE OF THE ADMINISTRATION BOARD

S.I.F. Oltenia S.A., according to statutory provisions, is administered 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 meet the requirements provided by the regulations incident to the functioning of the company as a commercial company on shares and as A.O.P.C. , entity regulated by R.N.S.C. as follows:

- to have a good reputation and sufficient experience in order to assure the safe and prudent administration of SIF;
- not to be members in the administration board of a credit institution which fulfils the task of depositary for S.I.F. Oltenia S.A., not to be members in the Administration Board of SSIF with which S.I.F. Oltenia S.A. concluded an intermediation agreement or in the administration board of another SIF and not to be employees or have any other direct or



indirect contractual relationship 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 with a sentence remained definite for fraudulent management, confidence abuse, forgery, use of forgery, deceit, misappropriation, lying testimony, giving or taking bribery as well as other economic infractions;
- not to be under the incidence of the sanctions provided in art. 273 paragraph (1) letter c) of the Law no. 297/2004 applied by RNSC or of certain similar sanctions applied by BNR, CSA or by other surveillance and settlement authorities in the economic and financial field of Romania or from abroad;
- to have higher education of long term graduated with bachelor`s degree exam or diploma exam, according to case.
- to have professional experience in a field that is included in the financial-banking activity or of the capital market or in the legal field of minimum 3 years;
- not to have held the position of administrator of a Romanian or foreign commercial company found on the way of judicial reorganization or declared in state of bankruptcy, in the last two years, previous to the starting of the bankruptcy procedure, situation to which they prove to be responsible, if the responsibility was established by a permanent and irrevocable court order.

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

3.3. THE APPOINTMENT OF MEMBERS OF THE ADMINISTRATION BOARD

The election of the members of the Administration Board by vote of shareholders in the General Meeting of Shareholders is based on a transparent procedure, by making public the contents of the application file and the criteria for fulfilling the quality of administrator in an investments company.



Choosing a number of administrators smaller than 7, leads implicitly to the creation of vacancies in the Administration Board; to fill the vacancies, the Administration Board is empowered – according to statutory provisions – to appoint provisional administrators. The first ordinary general meeting 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, meets the specific rules of R.N.S.C. regarding the procedure to deposit the candidatures, public procedure. Choosing an administrator to fill a vacancy is made by the General Assembly of Shareholders, according to the Articles of Incorporation.

3.4. THE AUDIT COMMITTEE

Within S.I.F. Oltenia S.A. operates an **Audit Committee** consisting of two members of the Administration Board, who fulfil the condition of independent administrator, as defined by legal provisions.

The Administration Board of S.I.F. Oltenia S.A. approved, in the meeting from 07.07.2011, according to applicable legal and statutory provisions, the constitution of the Audit Committee consisting of the following administrators: Bușe Lucian and Ghibu Petre (The decision of the Administration Board no. 9, art. 3 / 07.07.2011), the Audit Committee has received the R.N.S.C. Approval no. 32 / 24.08.2011.

3.5. THE REMUNERATION OF THE MEMBERS OF THE ADMINISTRATION BOARD

Currently, the Administration Board fulfils the tasks regarding the setting of the remuneration policy for administrators and managers, which is subject to annual approval by A.G.A.



According to the provisions of Law no. 31/1990, every year, the General Assembly of Shareholders approves the remuneration policy for administrators and members of executive management, as well as profit sharing, given the fulfilment of the performance indicators, the economic-financial results of the company, the performance criteria and responsibilities imposed by the program activity, the incomes and expenses budget.

CHAPTER 4

TRANSPARENCY, FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

S.I.F. Oltenia S.A. provides relevant periodical and continuous information, according to accounting standards of financial reporting.

S.I.F. Oltenia S.A. disseminates in the English language the information subject to reporting requirements: periodical information, continuous information, financial reporting, by publication on the website www.sifolt.ro.

Monthly, S.I.F. Oltenia S.A. informs the market and investors on its results and activity, by providing the situation of assets quarterly, half annually and annually – with financial statements elaborated in accordance with the IVth Directive EEC.

The Internal Control Department

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

The employee meeting the quality of representative of internal control department (RCCI) is subject to R.N.S.C. authorization, according to R.N.S.C. Regulations no. 15/2004, and the registration in the Public Register of R.N.S.C., according to Regulations no. 4/2009. In carrying out the attributions incumbent to him, the Representative of the Internal Control Department reports directly to the Administration Board and/or President of S.I.F. Oltenia S.A.



CHAPTER 5

INTERESTS CONFLICT AND TRANSACTIONS WITH PERSONS INVOLVED ("SELF TRANSACTIONS")

S.I.F. Oltenia S.A. holds a set of rules relating to:

- Rules of conduct for the employees of S.I.F. Oltenia S.A. and how they will act in order to prevent their violation of incident legal provisions, including those of R.N.S.C. Regulations no. 15/2004;
- Procedures to avoid conflicts of interests;
- Rules regarding personal transactions of administrators, leaders and company employees.

Members of the company leadership and administrators, as well as any other persons with whom the company has entered into an employment contract are not allowed to disseminate information regarding the transactions that the company intends to carry out with financial instruments in the portfolio of the company.

The list of persons having access to inside information is continually updated, the situation being sent to R.N.S.C. The obligation to notify transactions made by insiders is both personal and of intermediaries, and the information is disseminated through B.V.B. website.

It is prohibited to conclude transactions with S.I.F. Oltenia S.A. shares, above the limit provided in the articles of incorporation and legal regulations in force.

It is prohibited to make transactions with securities and/or financial instruments, which could aim at hiding the identity of their owner.

It is prohibited to make transactions with securities / financial instruments in bad faith, by manipulation or fraudulent actions.

It is prohibited to acquire in own name securities issued by a commercial company in which S.I.F. Oltenia S.A. initiated a public takeover bid, prior to the time the offer is made public.



It is prohibited to make transactions with a particular security / financial instrument based on inside information or to disclose such information to a person who could obtain benefits by trading based on such information.

The Company fulfils the institutional obligations of reporting and information, through the modalities stated by the R.N.S.C. and B.V.B. regulations, including by posting on the site and publishing in the press.

CHAPTER 6

THE REGIME OF THE CORPORATE INFORMATION

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

The department with responsibilities in this area draws up regular briefings on the implications of the normative provisions regarding the assurance of data and information privacy, through the management of inside information (as defined in art. 244 of Law no. 297/2004) within S.I.F. Oltenia S.A. as well as regarding the obligations of the initiated persons.

CHAPTER 7

SOCIAL RESPONSIBILITY

S.I.F. Oltenia S.A. permanently develops activities regarding the social responsibility of the company, each year supporting directly or through specialized foundations / associations, the disadvantaged categories of the community where they operate.

The company is involved in solving social problems of the community in which they operate and considers the interests of the society, taking responsibility towards employees, shareholders, community and



environment. The vision of S.I.F. Oltenia S.A. is to promote national values, the company being involved in arts and culture, education, humanitarian actions and society development.

CHAPTER 8

THE ADMINISTRATION SYSTEM

S.I.F. Oltenia S.A. is administered under a unitary system, in accordance with the provisions of the articles of incorporation; 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 of 07.11.2011.

Associate Professor PhD ec. Tudor Ciurezu

President / General Manager