

**S.I.F. OLTENIA S.A.**  
**"Apply or Explain" Statement**  
**Corporate Governance Code of BSE**

**Annex–Board Report 2011**

Principle/ Recommendation	Question	YES	NO	If NO, then EXPLAIN	
P19	Is the issuer managed on the basis of a dualistic system?		NO	According to the provisions of the constitutive acts, the company is administered in a unitary system	
P1	R1	Has the issuer elaborated a Statute / Regulations of Corporate Governance which describes the main aspects of corporate governance?	YES		
		Is the Statute/Regulations of corporate governance posted on the website of the company, with the indication of the date when it was last updated?	YES		
	R2	In the Statute/Regulations of corporate governance are there defined the structures of corporate governance, the functions, the competences and responsibilities of the Administration Board (CA) and of the executive management?	YES		
	R3	Does the Annual Report of the issuer provide a chapter dedicated to corporate governance in which all relevant events are described, connected to the corporate governance, registered during the previous financial year?	YES		
		Does the issuer disseminate on the company website information regarding the next aspects regarding its policy of corporate governance: a) Description of its structures of corporate governance ?	YES		
		b) The updated constitutive act?	YES		
		c) The internal functioning regulations / its essential aspects for each specialty commission / committee ?	YES		
		d) "Apply or Explain" statement	YES		
	e) the list of CA members with the indication of the members who are independent and/or non executive, of the members of the executive leadership and of the specialty committees / commissions?	YES			
	e) a short variant of the CV for each CA member and of the executive leadership?	YES			
P2	Does the issuer observe the rights of the holders of financial instruments issued by him, assuring them a reasonable treatment and submitting to approval any modification of the rights awarded, in the special assemblies to those holders?	YES			
P3	R4	Does the issuer publish in a dedicated section of the own website details	YES		

		regarding the development of the General Assembly of Shareholders (AGA): a) AGA notice to attend?			
		b) materials/documents related to the order of the day as well as any other information regarding the subjects of the order of the day?	YES		
		c) forms of special power of attorney?	YES		
	R6	Has the issuer elaborated and proposed to the AGA procedures for the ordered and efficient development of the AGA works, without damaging however the right of any shareholder to freely express his opinion about the matters to be debated?	YES		
	R8	Does the issuer disseminate in a dedicated section on the own website the rights of shareholders as well as the AGA participation rules and procedures ?	YES		
		Does the issuer assure the information in useful time (immediately after the development of AGA) of all shareholders by means of the dedicated section of the own website :			
		a) regarding decisions taken within AGA?	YES		
		b) regarding the detailed result of the vote?	YES		
		Does the issuers disseminate by means of a special section on the own web page, easily identifiable and accessible:			
		a) current reports / official statements?	YES		
		b) the financial calendar, annual, semestral and trimestrial reports ?	YES		
	R9	Is there within the issuer`s company a specialized department / person dedicated to the relation with investors?	YES		
P4, P5	R10	Does CA reunite at least once every trimester in order to monitor the development of the issuer`s activity?	YES		
	R12	Does the issuer possess a set of rules regarding the behaviour and the reporting obligations of transactions with shares or with other financial instruments issued by the company ("the securities of the company") accomplished in own account by administrators and by other natural persons involved?	YES		
		If a CA member or of the executive leadership or another persons involved accomplishes in own account a transaction with the titles of the company, then is the transaction disseminated by means of the own website, according to the related Rules?	YES		

P6		Does the structure of the Administration Board of the Issuer assure a balance between the executive and non-executive members (and especially the non-executive independent administrators) so that no person or restricted group of persons can dominate, in general, the CA process of taking decisions ?	YES		
P7		Does the structure of the Administration Board of the Issuer assure a sufficient number of independent members?	YES		
P8	R15	In its activity, does CA have the support of all advisory committees / commissions for the examination of certain specific themes, chosen by CA, and for its counselling regarding these themes?	YES		
		Do the advisory committees / commissions file activity reports of CA regarding the themes entrusted by it?	YES		
	R16	For the evaluation of the independence of its non executive members, does the Administration Board use the evaluation criteria mentioned in the Recommendation 16?	YES		
	R17	Do the CA members permanently improve their knowledge by training/preparation in the field of corporate governance?	YES		
P9		Does the election of the CA members have at its basis a transparent procedure (objective criteria regarding personal / professional qualification, etc)?	YES		
P10		Is there a Nomination Committee within the company?		NO	In the nomination of CA members the specific AOPC procedures are applied regarding competence and experience, according to RNSC Regulations no 15/2004.
P11	R21	Does the Administration Board analyze at least once a year the need to create a Remuneration Committee / the remuneration policy for administrators and members of the executive management?		NO	Taking into account the lack from the constituency of the Administration Board of independent administrators until June 2011 (when there were approved misters Lucian Bușe and Petre Ghibu as independent administrators elected in the Ordinary General Assembly of Shareholders from 29.04.2011) and the fact that the remuneration policy for the year 2011 was approved in AGOA from 29.04.2011.
		Is the remuneration policy approved by AGA?	YES		
	R22	Is there a Remuneration Committee composed exclusively of non-executive administrators?		NO	At present CA fulfils the tasks regarding the establishment of the remuneration policy for administrators, effective managers and executive managers. The remuneration policy is approved by AGA.
	R24	Is the remuneration policy of the	YES		

		company presented in the Statute / Regulations of Corporate Governance?			
P12, P13	R25	Does the issuer disseminate in the English language the information that represents the subject of the reporting requirements: a) periodical information (periodical supply of information)?	YES		
		b) continuous information (continuous supply of information)?	YES		
		Does the issuer prepare and disseminate the financial reporting also according to IFRS?	YES		
	R26	Does the issuer promote at least once a year, meetings with financial analysts, brokers, rating agencies and other market specialists with the purpose to present the financial elements relevant for the investment decision?		NO	It was considered that the continuous and periodical reporting elaborated by the company for the presentation of the financial elements were relevant from the point of view of the information necessary to take investment decision.
	R27	Is there within the company an Audit Committee?	YES		
	R28	Does CA or the Audit Committee, according to case, regularly examine the efficiency of the financial reporting, of the internal control and of the risk administration system adopted by the company?	YES		
	R29	Is the Audit Committee exclusively formed from non executive administrators and does it have a sufficient number of independent administrators?	YES		
	R30	Does the Audit Committee reunite at least 2 times a year, these meetings being dedicated to the elaboration and dissemination of the half year and annual results to the shareholders and public?	YES		
	R32	Does the Audit Committee make CA recommendations regarding the selection, naming, re-naming and replacing of the financial auditor, as well as the terms and conditions of his remuneration?		NO	It was not the case. On the constitution date of the Audit Committee there is a Financial Auditor appointed, with a valid contract.
P14		Has CA adopted the procedure for the purpose of identifying and adequate solution of the situations of conflicting interests?	YES		
P15	R33	Do the administrators inform CA about the interests conflicts when they appear and do they abstain from debates and vote on the respective matters, according to the incident legal provisions?	YES		
P16	R34/ R35	Did CA adopt specific procedures with the purpose of assuring the procedure correctness (identification	YES		

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		criteria of transactions with significant impact, of transparency, of objectivity, of non competition etc) with the purpose of identifying the transactions with parties involved?			
P17	R36	Did CA adopt a procedure regarding the internal circuit and the reveal to third parties of the documents and information relating to issuer, giving a special importance to the information that can influence the evolution of the market price of securities issued by him?	YES		
P18	R37/ R38	Does the issuer develop activities regarding the Social and Environment responsibility of the Company?	YES		