

**“Apply or Explain” Declaration – 21 March 2013**  
**Corporate Governance Code of BVB**

Principle/ Recommendation		Question	YES	NO	If NO, please EXPLAIN
P19		Is the issuing authority administered based on a dualist system?		X	The unitary system corresponds to the current stage of development of the company.
P1	R1	Has the issuing authority drafted a Corporative Governance By-Laws/Regulations to describe the main issues of corporative governance?		X	The Regulations are being drafted. It is necessary to correlate the Regulations with the provisions of the Constitutive Deed of the company.
		Has the Corporative Governance By-Laws/Regulations been posted on the company website, indicating the date of the latest update?		X	The Corporative Governance By-Laws/Regulations will be posted on the company website when the AGM is convened, where such document will be debated and, probably adopted is convened.
	R2	Does the Corporative Governance By-Laws/Regulations define the corporate governance structures, the functions, the competences, and responsibilities of the Board of Directors (CA) and of the executive management?		X	In part, these documents are to be found in the Constitutive Deed of the Company.
	R3	Does the Annual Report of the issuing authority provide for a chapter dedicated to corporate governance describing all the relevant events related to corporate governance, recorded over the precedent financial exercise?	X		Since 2009, each Annual Report has a chapter entitled “Elements of Corporate Governance” where the relevant issues related to corporate governance have been described.
		Does the issuing authority disseminate on the company website information concerning the following issues related to their corporate governance policy:			
		a) description of its corporate governance structures?	X		To be found under the section Issuing authority/authorities
		b) the updated by-laws?	X		To be found under the section Issuing authority/authorities
		c) the internal regulations of the company / its essential issues for each specialised board / committee?	X		To be found under the section Issuing authority/authorities
		d) the “Apply or Explain” Declaration?	X		To be posted with the 2012 Annual Report
	e) the list of the BoD members, stating those members who are independent and/or non-executive, of the members of the executive management and members of the specialised boards/committees?	X		To be found under the section Issuing authority/authorities	
f) a short CV version for each of the members of the Board of Directors and the executive management?	X		To be found under the section Issuing authority/authorities		

**“Apply or Explain” Declaration – 21 March 2013**  
**Corporate Governance Code of BVB**

P2		Has the issuing authority observed the rights of the holders of financial instruments the authority issued, by ensuring a fair treatment and submitting, in the special meetings of such holders, to approval any amendment to the rights previously agreed?	X		The rights are observed and we ensure a fair treatment for each shareholder. The company issued a single kind of shares, nominative, at a nominal value of LEI 0.10 per share.
P3	R4	Has the issuing authority posted in a section of their website details as to the development of the Shareholders’ annual General Meeting (AGM):  a) AGM convening list?	X  X		
	R5	b) materials/documents related to the agenda and any other information related to items on the agenda?	X		
		c) special power of attorney form?	X		
	R6	Has the issuing authority drafted and submitted to AGM procedures for the orderly and efficient development of the AGM, without prejudicing the right of any shareholder to express freely their opinion on the issues at hand?		X	We have not encountered such issues to date. In all general meetings, the shareholders have had the opportunity to express freely their opinion both with regard to the agenda and to other aspects concerning the company. While drafting the Corporate Governance Regulations, the procedures are being drafted as well.
	R8	Has the issuing authority disseminated in a dedicated section on their website the shareholders’ rights and the AGM attending regulations and procedures AGM?	X		Both the rights and the regulations concerning the attendance to AGM meetings have been mentioned in every AGM.
		Has the issuing authority ensured information in due course (e.g., immediately after the AGM meeting) of all the shareholders by means of the dedicated section on their website:  a) regarding the resolutions taken in the AGM meeting?	X		The resolutions are also posted on the website in their draft as well as in their final version.
		b) regarding the detailed result of the vote?	X		The result of the ballot is mentioned in each AGM resolution.
		The issuing authorities disseminate the following via a special section on their own webpage, which easy to identify and access:  a) current reports / notifications?	X		At the same time they are sent to BVB and CNVM.
b) the financial schedule, annual, biannual, quarter reports?		X		As per regulations in force	

**“Apply or Explain” Declaration – 21 March 2013**  
**Corporate Governance Code of BVB**

	R9	Is there a specialised department/person in the company assigned to liaise with the investors?	X		Since 2001
P4, P5	R10	Does the Board of Directors convene at least once a quarter in order to monitor the development of the issuing authority’s activity?	X		The BoD meetings are held, as a rule, on a monthly basis and sometimes even more often depending on the issues arising in the company’s current activity.
	R12	Does the issuing authority have a set of rules concerning conduct and the obligations related to relating the transactions to shares, or other such financial instruments issued by the company (“the company’s movable values”), conducted by the managers and other natural persons involved in their name?		X	Legal provisions in force are being applied. A single member of the BoD holds shares and all the other members are aware of and observe the legal provisions thereof.
		If a member of the BoD or executive management or other person involved conducts in their own name a transaction with the company’s titles, is such transaction disseminated via the company’s website, as per current Regulations?	X		We have not encountered such issue so far.
P6		The structure of the Board of Directors of the Issuing Authority ensures a balance between the executive and non-executive members (and, mainly, the non-executive independent managers) so that no person or small group is able to dominate, as a rule, the decision-making process of the BoD?	X		All members of the BoD are non-executive. There are no non-executive independent managers.
P7		The structure of the Board of Directors of the Issuing Authority ensures a large enough number of independent members?		X	Not applicable
P8	R15	In their activity, does the Board of Directors have the support of some consulting committees/boards in order to examine some specific topics, chose by the BoD, and to advise them on such issues?	X		Since 29/06/2008 the Auditing Committee has been set up and on 17/11/2009, the appointing committee and the Salary committee were set up. Each of the consulting committees has their own activity programme approved by the BoD.
		Do the Consulting Committees/Boards submit reports on their activity to the BoD with respect to the issues assigned?	X		The activity of the members of the Consulting Committees/Boards and their conclusions are presented whenever the analyses are discussed in the BoD meetings.
	R16	In order to evaluate the independence of its non-executive members, does the BoD use the assessment criteria provided under Recommendation 16?		X	There are no independent members in the Board of Directors of the company.
	R17	Do the members of the BoD improve constantly their	X		All course supports and content of interventions of

**“Apply or Explain” Declaration – 21 March 2013**  
**Corporate Governance Code of BVB**

		knowledge by training in corporate governance?			various personalities in the seminars organised by IGC – BVB have been disseminated to the members of the BoD.	
P9		Does the election of the members of the BoD rely on a transparent procedure (objective criteria with respect to personal/professional qualifications, etc.)?	X		The appointing Committee analysed the applications, they were posted on the company website and approved by the BoD before being submitted to the AGOA to analyse and approve of	
P10		Is there any Appointing Committee in the company?	X		Set up on 17/11/2009	
P11	R21	Does the Board of Directors analyse, at least once a year, the need to set up a Salary/Policy of remunerating the managers and members of the executive management?	X		Set up on 17/11/2009	
		Is the remuneration policy approved by the AGM?	X			
	R22	Is there a Remuneration committee exclusively formed of non-executive managers?	X			
	R24	Is the remuneration policy of the company provided for in the By-Laws/Corporate Governance Regulations?		X	The Regulations are being drafted. It is necessary to correlate the Regulations with the provisions of the Constitutive Deed of the company.	
P12, P13	R25	Does the issuing authority disseminate in English the information that meets the reporting requirements:	X		The action has been carried out since the documents pertaining to the AGOA held on 29/01/2010.	
		a) periodical information (providing information regularly)?	X			
		b) continuous information (providing information constantly)?	X			
			c) Does the issuing authority prepare and disseminate the financial statements in compliance with IFRS?	X		Financial statements compliant with IFRS have been drafted since 2012.
	R26	Does the issuing authority promote at least once a year, meetings with financial analysts, brokers, rating agents, and other market specialists, with a view to presenting the financial elements relevant to the investment decision-making process?		X	It has not been considered as a strong need.	
	R27	Is there an Auditing Committee in the company?	X			
	R28	Does the BoD or the Auditing Committee, examine on a regular basis the efficiency of financial reporting, internal checking, and the risk-management system adopted by the company?	X		All quarter, bi-annual, and annual reports as well as the reports presented by the Internal Auditor have been first approved by the Auditing Committee and then discussed and approved by the BoD.	
R29	Is the Auditing Committee exclusively made up of non-executive managers and does it have a sufficient	X		All the members of the BoD are non-executives. There are no independent members in the Board of		

**“Apply or Explain” Declaration – 21 March 2013**  
**Corporate Governance Code of BVB**

		number of independent managers?			Directors of the company.
	R30	Does the Auditing Committee convene at least twice a year, and such meetings are they dedicated to compiling and disseminating the bi-annual and annual results to shareholders and the public?	X		The meetings of the Consulting Committees have been held when the BoD meetings are convened.
	R32	Does the Auditing Committee recommend to the BoD with respect to selecting, appointing, re-appointing, and replacing the financial auditor as well as the terms and conditions of their remuneration?	X		
P14		Has the BoD adopted a procedure with a view to identifying conflict of interest stances and solving such stances appropriately?		X	Not applicable
P15	R33	Do the managers inform the BoD on conflict of interest stances as they occur and withhold from debates and vote on such issues, in compliance with provisions thereof?	X		
P16	R34/ R35	Has the BoD adopted specific procedures in order to ensure fairness of procedures (criteria to identify transactions with significant impact, transparency, objectivity, non-competition, etc.) in order to identify transactions with parties involved?		X	Not applicable
P17	R36	Has the BoD adopted a procedure with respect to internal circuit and revealing to third parties the documents and information regarding the issuing authority, paying special attention to information that may influence the development of the market price of the movable values issued by such authority?		X	Not applicable
P18	R37/ R38	Does the issuing authority conduct activities with respect to the company’s Social and Environmental Responsibility?	X		The company meets all requirements imposed by the current legal framework with respect to environmental protection. The Humanitarian Aid Foundation Mecanica Ceahlau was set up in 2000 in the Company and is operational.

**CHAIR OF THE BOARD OF DIRECTORS,**  
*Dumitru Bontaș*