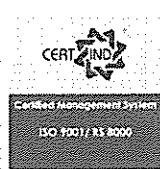


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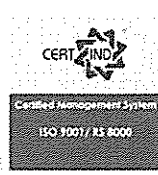
## The state of compliance with the new Corporate Governance Code of Bucharest Stock Exchange on 31.12.2021.

Indicator	The code's provisions that must be observed	Observed by the company	The company does not observe or partially observes	The non-compliance reason
A1	All companies should have an internal regulation of the Board which includes terms of reference / responsibilities of the Board and the key management positions of the company, and which applies, inter alia, the General Principles of Section A.		X	The company has not adopted an operational regulation for the Board of Directors. The Board of Directors' responsibilities, the key positions and the operating mode are the ones provided by the articles of incorporation and the legal provisions.
A2	The provisions for managing the conflicts of interest should be included in the Board regulation. In any event, the Board members must notify the Board about any conflicts of interest that have arisen or may arise and refrain from participating in discussions (inclusively by default, except the case where the default would prevent the formation of quorum) and from the vote for adopting a decision regarding the issue leading to the afferent conflict of interests.		X	There are no provisions for managing the conflicts of interest.
A3	The Board of Directors or the Supervisory Board must be made of at least five members.		X	The Bylaws provides 3 members, according to art. 137, paragraph 2 from Law 31/1990.
A4	The majority of the Board of Directors members must have no executive position. At least one member of the Board of Directors or of the Supervisory Board must be independent concerning the companies in the Standard Category.		X	The 3 members of the Board of Directors are non-executive administrators.
A5	Other relatively permanent professional commitments and obligations of a member of the Board, including executive and non-executive positions within the Board of some non-profit companies and institutions, should be disclosed to		X	It shall be implemented.



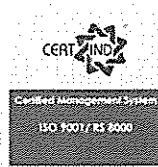
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	the shareholders and potential investors before the nomination and during his tenure.			
A6	Any member of the Board must provide to it information on any relation to a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation extends to any relation that may affect the member's position against the issues decided by the Board.	X		
A7	The company must appoint a secretary of the Board responsible for supporting the activities of the latter.	X		
A8	The corporate governance statement shall inform if there was an evaluation of the Board under the guidance of the President or of the Nomination Committee and, if so, shall summarize the key measures and changes resulting from it. The company must have a policy / guidelines on the Board evaluation, including the purpose, criteria and frequency of the evaluation process.		X	The Board of Directors has not adopted a policy / guidelines concerning the Board evaluation.
A9	The corporate governance statement must contain information on the number of meetings of the Board of Directors and Committees during the last year, the participation of directors (in person and in absentia) and a report of the Board and committees on their activities.	X		
A10	The corporate governance statement must contain information on the exact number of independent members from the Board of Directors or the Supervisory Board.	X		
B1	The Board should establish an audit committee in which at least one member must be an independent non-executive director. Most members, including the president, must have shown to have		X	Without an independent non-executive director, and due to their impossibility to provide a majority of independent directors within the audit committee, the Board of Directors has not



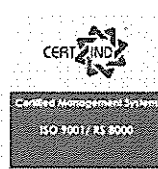
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	the appropriate qualifications relevant to the functions and responsibilities of the committee. At least one member of the audit committee must have a proven and appropriate accounting or auditing experience.			established such a committee, keeping these responsibilities for themselves.
B2	The president of the audit committee must be an independent non-executive member.		X	No audit committee being established, there is no question of electing an independent non-executive director to manage the committee.
B3	Within its responsibilities, the audit committee should conduct an annual evaluation of the internal inspection system.		X	Without an audit committee, the Board of Directors is the one who receives the inspection reports of the internal auditor and who is responsible for the annual evaluation of the internal inspection system.
B4	The evaluation should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal inspection reports submitted to the audit committee of the Board, the timeliness and effectiveness with which the executive management solves the deficiencies or weaknesses identified during the internal inspection relevant national and submission of relevant reports to the attention of the Board.		X	If no audit committee has been established, the Board of Directors is the one to be responsible for the evaluation of the internal audit activity concerning the efficacy, the adequacy of the risk management and internal inspection reports drawn up by the internal audit, the timeliness and effectiveness of the measures taken to remedy the weaknesses revealed by these ones.
B5	The audit committee should evaluate the conflicts of interests related to the transactions of the company and of its subsidiaries with the affiliated parties.		X	As long as no audit committee is established, the evaluation of the conflicts of interests related to the transactions of the company and its subsidiaries with related parties is the responsibility of the Board of Directors. The company has no subsidiaries.
B6	The audit committee should evaluate the efficiency of the internal inspection system and of the risk management system.		X	The analysis of the internal inspection system and risk management system efficiency is also carried out by the Board of Directors, as long as no audit committee is established.



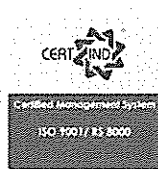
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B7	The audit committee should monitor the implementation of the legal standards and the internal audit standards generally accepted. The audit committee shall receive and assess the reports of the internal audit team.		X	The Board of Directors receives and evaluates the internal audit reports, monitors the implementation and observance of the generally accepted standards, ensuring thus this function specific to the audit committee.
B8	Whenever the Code mentions reports or analyses initiated by the Audit Committee, these ones have to be followed by periodic or ad-hoc (at least annually) or ad-hoc reports that have to be subsequently submitted to the Board.		X	Without an audit committee, there is no periodic reporting phase of the audit committee by the Board of Directors.
B9	None of the shareholders may be given preferential treatment over other shareholders in relation to transactions and agreements made by the company with shareholders and their affiliates.	X		
B10	The Board should adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relations whose value is equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Board following a mandatory opinion of the Board's and is properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to the reporting requirements.	X		
B11	Internal audits must be made by a structurally separated division (the internal audit department) within the company or by employment of an independent third party.	X		
B12	In order to ensure the fulfillment of the internal audit department main functions, the latter should report from a functional perspective to the Board through the audit committee. For administrative purposes and under the	X		



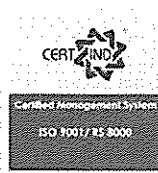
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	management obligations to monitor and reduce risks, the audit department must report directly to the Chief Executive Officer.			
C1	<p>The company must publish on its website the remuneration policy and to include a statement in the annual report on the implementation of the remuneration policy during the concerned annual period. The remuneration policy should be drawn up so as to allow shareholders the understanding of the principles and arguments underlying the remuneration of the Board members and of the CEO, as well as of the Executive Board members in the dual system. This policy should describe the manner in which the management of the process is taking place and the manner in which the decisions regarding the remuneration are taken, to detail the components of the executive management remuneration (such as salary, annual bonuses, long-term incentives related to shares value, benefits in kind, pensions and others) and to describe purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should specify the length of the executive officer contract and the notice period stipulated in the contract, and any compensation for unjust dismissal.</p> <p>[...] Any significant change occurred within the remuneration policy should be timely published on the website of the company.</p>		X	The company does not publish on its website a remuneration policy, but the notes of the annual financial statements contain information regarding the remuneration of directors and executives for the analyzed period.
D1	The company must hold an Investors Relations department – by indicating the responsible person / persons or the organizational unit. In addition to the information	X		



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	required by the law, the company must include on its website a section dedicated to the Investors Relations, in Romanian and English, with all the relevant information for investors, including:			
D1.1.	The main corporate regulations: articles of incorporation, procedures regarding the general meetings of shareholders;	X		
D1.2.	The professional CVs of the management members of the company, other professional commitments of the Board members, including executive and non-executive positions within the boards of directors of companies or non-profit institutions;		X	It shall be implemented.
D1.3.	The current and periodic reports (quarterly, biannual and annual) - at least those specified in paragraph D.8 - including the current reports with detailed information on non-compliance with this Code;	X		
D1.4.	Information on the general meetings of shareholders: the agenda and the informational materials; the procedure for electing the Board members; the arguments supporting nominations for the election within the Board, together with their professional CVs; the shareholders' questions regarding the items on the agenda and the company's responses, including the decisions taken;	X		
D1.5.	Information on corporate events, such as payment of dividends and other distributions to the shareholders, or other events leading to the acquisition or limitation of a shareholder's rights, including the deadlines and principles for such operations. This information will be published within a period to allow investors to take investment decisions;	X		



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D1.6.	The name and contact details of a person who can provide, upon request, relevant information;	X		
D1.7.	The company's overviews (e.g., the overviews for investors, the overviews regarding the quarterly results, etc.), the financial statements (quarterly, biannual, annual), the audit reports and annual reports.	X		
D2	The company will have a policy regarding the annual dividend distribution or other benefits to shareholders, as proposed by the CEO or the Executive Board and adopted by the Board, as a set of guidelines that the company intends to follow on the distribution of net profit. The principles of the policy regarding the annual distribution to shareholders will be published on the website of the company.	X		
D3	The company will adopt a policy regarding forecasts, whether they are made public or not. The forecasts refer to findings quantified conclusions of some research aimed at determining the overall impact of a number of factors relating to a future period (so-called hypotheses): by its nature, this projection has a high level of uncertainty, the actual results being able to significantly differ from the initially presented predictions. The policy regarding forecasts will determine the frequency, period had in view and the content of the forecasts. If published, the forecasts can only be included in the annual, biannual or quarterly reports. The policy regarding forecasts will be published on the website of the company.	X		
D4	The General Meetings of Shareholders rules should not limit the participation of shareholders to the general meetings and the exercise of their rights. The changes	X		



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	to the rules will enter into force no sooner than the following meeting of shareholders.			
D5	The external auditors will attend the general meeting of shareholders when their reports are discussed at these meetings.	X		
D6	The Board will present the annual general meeting of shareholders a brief assessment of the internal inspection and significant risks management systems, as well as some opinions on certain issues subject to the decision of the general meeting.	X		
D7	Any specialist, adviser, expert or financial analyst may participate to the shareholders' meeting based on a prior invitation from the Board. The accredited journalists may also participate to the general meeting of shareholders, unless the Board President decides otherwise.	X		
D8	The quarterly and biannual financial reports shall include information both in Romanian and in English on the key factors generating changes at the level of sales, operating profit, net profit and of other relevant financial indicators, both from one quarter to another and from one year to another.	X		
D9	A company shall hold at least two meetings / teleconferences with analysts and investors every year. The information presented on these occasions shall be published within the Investor Relations section of the company's website at the time of meetings / teleconferences.	X		
D10	If a company supports various forms of artistic and cultural	X		





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	expression, sporting, educational or scientific activities and considers that their impact on the innovative nature and competitiveness of the company as part of its mission and development strategy, they shall publish the policy concerning their activity in this field.			
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**Chairman of the Board of Directors,  
Eng. Hamidi Haissam**



