

# **Corporate Governance Principles for the companies admitted to trading on the AeRO – BVB Market for Equities**

## **Preamble**

The Bucharest Stock Exchange's Corporate Governance Principles for the companies admitted to trading on AeRO will add to this trading venue a new valence with the scope to build a more attractive market for the investors. These principles will increase the level of transparency and trust for the listed companies. It will encourage the companies to build a good relationship with their shareholders and openness towards all potential investors.

The most important aim of the Bucharest Stock Exchange's Corporate Governance Principles is to improve confidence in companies on the AeRO – BVB Market for Equities. This market could be the pipeline for the Bucharest Stock Exchange's main market. Implementing these principles will bring positive developments of corporate governance in AeRO listed companies.

A good corporate governance is a powerful tool to enhance the competitiveness of the market.

Each AeRO listed company should aim at fulfilling all the provided recommendations.

One of the objectives of a good governance is to facilitate a better, a more effective entrepreneurial management that can deliver the long-term success of the company.

Companies should include a Corporate Governance Statement in their annual report, as a specific section, which shall contain a self-assessment on how the "provisions to comply with" are observed and measures taken in order to comply with provisions that are not fully met.

## **Section A Board of Directors Responsibilities**

### **General Principles**

The role of the Board of Directors (Board) should be clearly defined and documented in the company's statutes, internal regulations and/or other similar documents.

The Board:

- a) should formulate a clear policy for the delegation of authorities, which will include a formal list of matters specifically reserved for the decision of the Board and a clear division of responsibilities between the Board and the executive management;
- b) should be structured in a way that allows it to diligently fulfil its duties;
- c) should meet sufficiently regularly to discharge its duties effectively.

The Board members should have the appropriate balance of skills, experience, knowledge and independence to enable them to perform effectively their respective duties and responsibilities. The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

### **Provisions to comply with:**

**A.1.** The company should have an internal regulation of the Board which includes terms of reference for the Board and the key management functions of the company. The management of conflict of interests at the Board level should also be presented in the Board's regulation.

**A.2.** A Board member's other professional commitments, including executive and non-executive Board positions in companies (excluding the company's subsidiaries) and non-profit institutions, should be disclosed to the Board before appointment and during his/her mandate.

**A.3.** Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly shares representing not less than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.

**A.4.** The annual report should inform on whether an evaluation of the Board has taken place under the leadership of the chairman. It should also include the number of the meetings of the Board.

## **Section B Internal Control System**

### **General principles**

The company will ensure that all related party transactions are considered on their merits in a fashion that ensures independence and the protection of the interest of the company.

### **Provisions to comply with:**

**B.1.** The Board should adopt a policy ensuring that any transaction of the company with any of its subsidiaries that is equal to or more than 5% of the net assets of the company as stated in the latest financial report should be approved by the Board.

**B.2.** The internal audit should be carried out by a separate structural division (internal audit department) within the company or through retaining an independent third-party entity which should report to the Board, while within the company, it should report directly to the CEO.

## **Section C Fair rewards and motivation**

### **General principles**

A company should have a remuneration policy and rules defining the policy. It should determine the form, structure and level of remuneration of members of the Board.

### **Provisions to comply with:**

**C.1.** The company should publish in its annual report a remuneration report including the total revenues for the Board members and the CEO for the past financial year and the total value of any bonus payments or other variable compensations and also the key assumptions and guidelines for calculating the above revenues.

## **Section D Building value through Investors Relations**

### **General principles**

The company should disseminate the most important information both in Romanian and English, to enable Romanian and foreign investors to have access to the same information at the same time.

Companies representing the sector of information and applications technology should publish their financial reports as presented and – when it is applicable – reviewed or fully audited, according to US GAAP, in addition to reports prepared, published and reviewed or audited in accordance with general rules in the matter of financial reporting.

### **Provisions to comply with:**

**D.1.** In addition to information required by legal provisions, the corporate website should have a dedicated Investors Relation section, both in Romanian and English, with all relevant information of interest for investors, including:

**D.1.1.** Principal corporate regulations, in particular the articles of association and internal regulations of its governing bodies

- D.1.2.** Professional CVs of the members of its governing bodies
  - D.1.3.** Current reports and also periodic reports
  - D.1.4.** Information related to general meetings of shareholders: agenda and the materials sustaining the agenda of the meeting; the resolutions of the general meetings
  - D.1.5.** Information on corporate events, such as payment of the dividends, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations
  - D.1.6** Other extraordinary information that should to be provided: the break down/ change/ start of cooperation with an Authorized Adviser (AA); the signing/ renewal/ termination of agreement with a Market Maker
  - D.1.7.** The company should have an investors relations function (IR), and will include on the IR section of the company's website the name and contact data of a person who should be able to provide knowledgeable information on request.
- D.2.** A company should have adopted a dividend policy of the company, as a set of directions related to the distribution of net profit that the company declares to follow. The dividend policy principles should be published on the corporate website.
- D.3.** A company should have adopted a policy with respect to forecasts, whether it would be distributed or not. Forecast means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called, assumptions). The policy should provide for the frequency, the period envisaged and content of forecasts. Forecasts, if published, may only be part of annual, half-yearly or quarterly reports. The forecast policy should be published on the corporate website.
- D.4.** A company should set the date and place of a general meeting so as to enable the participation of the highest possible number of shareholders.
- D.5.** The financial reports should include information in both Romanian and English as regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators.
- D.6.** The company should organize at least one meeting/conference call with analysts and investors each year. The information presented on these occasions should be published in the IR section of the website of the company at the time of the meeting/conference call.