

Title of the issuing entity: CEMACON S.A.

Statutory office: Cluj-Napoca, Calea Dorobantilor, no. 48, Cluj County

Phone/Fax: 0260/602.408

Trade Register Office unique registration code: RO 677858

Trade Register Registration Number: J12/2466/2012

Subscribed and paid up capital: 11,399,021.8 lei

Regularized market onto which the issued securities are traded: Bucharest Stock Exchange (BSE) - Standard Category.

Status of the compliance with the provisions of The Code of Corporate Governance of BSE at 31st of December 2016

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
SECTION A – RESPONSIBILITIES			
A.1. All companies must have a Board's internal regulation that includes the terms of reference/ responsibilities of the Board and the key management functions of the company and which applies, inter alia, the General Principles of Section A.	x		
A.2. Provisions for the management of the conflicts of interest should be included in the Board's Regulation. In any case, the Board's members must notify the Board of any conflicts of interest that have arisen or may arise and refrain themselves from attending any discussions (including through non-attendance, unless the failure to attend would prevent the formation of the quorum) and from voting for the issue of any decision giving rise to the conflict of interest concerned.	x		

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
A.3. The Board of Directors must be formed of at least five members.	x		
A.4. The majority of members of the Board of Directors must not have executive functions. In the case of Premium Category companies, not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board of Directors shall make a declaration at the time of its nomination for election or re-election and when any change of its status occurs, indicating the elements on the basis of which it is deemed to be independent in its character and judgment.	x		
A.5. Other relatively permanent commitments and professional obligations of a member of the Board, including executive and non-executive positions in the Board of nonprofit companies and organizations, should be disclosed to shareholders and to potential investors prior to the nomination and during its mandate.	x		
A.6. Any member of the Board must report to the Board all information regarding any report with a shareholder owning directly or indirectly shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the member's position on matters decided by the Board.	x		
A.7. The company must designate a secretary of the Board, responsible for supporting the activity of the Board.	x		
A.8. The statement regarding the corporate governance will inform whether an assessment of the Board took place under the leadership of the Chairman or of the nomination committee and, if so, it will	X partial		The Board of the Directors` assessment is carried out in accordance with the legal provisions of the OGSM. The company initiated the process

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
summarize the key measures and changes resulting there from. The company must have a policy/ guiding lines regarding the Board's assessment comprising the scope, criteria and frequency of the assessment process.			of setting up the nomination committee.
A.9. The statement regarding the corporate governance should contain information on the number of the Board's and committees' meetings over the past year, the administrators' participation (in person and in absentia) and a report of the Board and of the committees on their activities.		x	Under implementation
A.10. The statement regarding the corporate governance must comprise information regarding the exact number of independent members of the Board of Directors.	x		The information will be detailed in the annual report presented by OGSM.
A.11. The Board of the Premium Category companies must establish a nomination committee made up of non-executive members, which will lead the nomination procedure of new members to the Board and will make recommendations to the Board. The majority of members of the nomination committee must be independent.	x		CEMACON SA – is framed into the standard trading category of BSE.
SECTION B – THE RISK MANAGEMENT SYSTEM AND INTERNAL AUDIT			
B.1 The Board must establish an auditing committee in which at least one member should be an independent non-executive administrator. In the case of Premium Category companies, the auditing committee must be made up of at least three members and the majority of the members of the auditing committee must be independent.	x		CEMACON SA – is framed into the standard trading category at BSE.
B.2. The Chairman of the auditing committee must be an independent non-executive member.	x		
B.3. Within its responsibilities, the auditing committee must carry out an annual assessment of the	x		It will be presented during the Board of the Directors meeting on May 16, 2017

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
internal control system.			
<p>B.4. The assessment should take into account the effectiveness and scope of the internal auditing function, the adequacy degree of the risk management and internal control reports submitted to the Board's auditing committee, the promptitude and effectiveness with which the executive management addresses the deficiencies or the weaknesses identified as a result of the internal control and the submission of relevant reports to the Board.</p>	x		<p>It will be presented during the Board of the Directors meeting on May 16, 2017</p>
<p>B.5. The auditing committee should assess the conflicts of interest in relation to the transactions of the company and of its subsidiaries with affiliated parties.</p>	x		
<p>B.6. The auditing committee should assess the efficiency of the internal control system and of the risk management system.</p>	x		<p>It will be presented during the Board of the Directors meeting on May 16, 2017</p>
<p>B.7. The auditing committee should monitor the application of the generally accepted legal standards and of internal auditing. The auditing committee must receive and assess the reports of the internal auditing team.</p>	x		<p>It will be presented during the Board of the Directors meeting on May 16, 2017</p>
<p>B.8. Whenever the Code mentions reports or analysis initiated by the Auditing Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be further submitted to the Board.</p>	x		
<p>B.9. No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements completed by the company with shareholders and their affiliates.</p>	x		
<p>B.10. The Board must adopt a policy through which it</p>	x		

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
ensures that any of the company's transaction with any of the entities with which it has close relationships with a value equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved by the Board following a binding opinion of the Board's auditing committee and properly disclosed to the shareholders and to potential investors, to the extent that such transactions fall within the category of events subject to the reporting requirements.			
B.11. The internal audits should be performed by a structurally separated division (the internal auditing department) within the company or by hiring an independent third party entity.	x		Cemacon has externalized the internal auditing towards independent specialized entities since 2011. In 2016, the internal auditing function was externalized towards PWC.
B.12. In order to ensure the fulfillment of the main functions of the internal auditing department, it must report from a functional point of view towards the Board through the auditing committee. For administrative purposes and under the Management's obligation to monitor and reduce risks, it must report directly to the General Manager.	x		
SECTION C – FAIR REWARD AND MOTIVATION			
C.1. The company must publish on its website the remuneration policy and must include in the annual report a statement regarding the implementation of the remuneration policy during the annual period under review. Any essential modification occurred in the remuneration policy must be published in due time on the company's website.	X partial		Under implementation
SECTION D – ADDING VALUE THROUGH RELATIONSHIPS WITH INVESTORS			
D.1. The company must organize a department in	x		

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
charge of Relations with the Investors - indicating for the general public the responsible person/people or the organizational unit. In addition to the information required by the legal regulations, the company must include on its website a section dedicated to Relations with the Investors, in Romanian and English languages, with all relevant information of interest to the investors, including:			
D.1.1. The main corporate regulations: the articles of incorporation, the procedures regarding the general meetings of the shareholders;	x		
D.1.2. The professional CVs of members of the company's management bodies, other professional engagements of the Board's members, including the executive and non-executive positions in the boards of directors of companies or of non-profit institutions;	x		
D.1.3. The current reports and the periodic reports (quarterly, bi-annual and annual) - at least those provided in point D.8 - including the current reports with detailed information regarding the non-compliance with the present Code;	x		
D.1.4. Information regarding the general meetings of the shareholders: the agenda and the informative materials;	x		
D.1.5. Information regarding the corporative events;	x		
D.1.6. The names and contact details of a person who will be able to provide relevant information upon request;	x		Mr. Cojocaru Bogdan Bogdan.cojocaru@cemacon.ro 0731/041.483
D.1.7. The company's presentations (e.g., presentations for the investors, presentations regarding the quarterly results, etc.), financial statements	x		

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
(quarterly, bi-annual, annual), auditing reports and annual reports.			
D.2. The company will have a policy regarding the annual distribution of dividends or other benefits towards the shareholders. The principles of the annual distribution policy towards the shareholders will be published on the company's website.	x		As a result of the restructuring process, the company was unable to consider dividends; For the current period, the company has to cover the losses and obtain the prior agreement of the financing bank to be able to propose a dividend policy.
D.3. The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecast policy will determine the frequency, the period considered and the content of the forecasts. If published, the forecasts may only be included in the annual, bi-annual or quarterly reports. The forecasting policy will be published on the company's website.	X partial		
D.4. The rules of the general shareholders' meetings should not limit the participation of shareholders to general meetings and the exercise of their rights. The modifications of the rules will enter into force at the earliest, starting with the next shareholders meeting.	x		
D.5. The external auditors will be present at the general shareholders' meeting when their reports are presented during these meetings.	x		
D.6. The Board will provide the annual general meeting of shareholders with a brief assessment of the significant internal control and risk management systems as well as with opinions on some matters subject to the decision of the general meeting of shareholders.	x		In the annual report of the Board of Directors.

Provisions of CCG-BSE	Compliant	Not compliant or partially compliant	Remarks
<p>D.7. Any specialist, consultant, expert or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. The accredited journalists may also participate to the general meeting of shareholders, unless the Chairman of the Board decides otherwise.</p>	x		
<p>D.8. The quarterly and bi-annual financial reports will include information both in Romanian and English languages regarding the key factors that affect the changes at the level of sales, of the operating profit, of the net profit and of other relevant financial indicators, from one quarter to quarter, and also from one year to another.</p>	x		
<p>D.9. A company will hold at least two meetings/ teleconferences with analysts and investors each year. The information presented on these occasions will be published in the Relations with the Investors section of the company's website at the dates of the meetings/ teleconferences.</p>	x		
<p>D.10. If a society supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities and considers that their impact on the innovative character and on the competitiveness of the society is part of its development strategy and mission, it will publish the policy regarding its activity in this domain.</p>	x		<p>Until 31.12.2016 the company was not involved in this type of events.</p>

Chairman of the Board of Directors of CEMACON SA

ORION STRATEGY SOLUTION SRL

Legal representative – Mr. Liviu-Ionel STOLERU