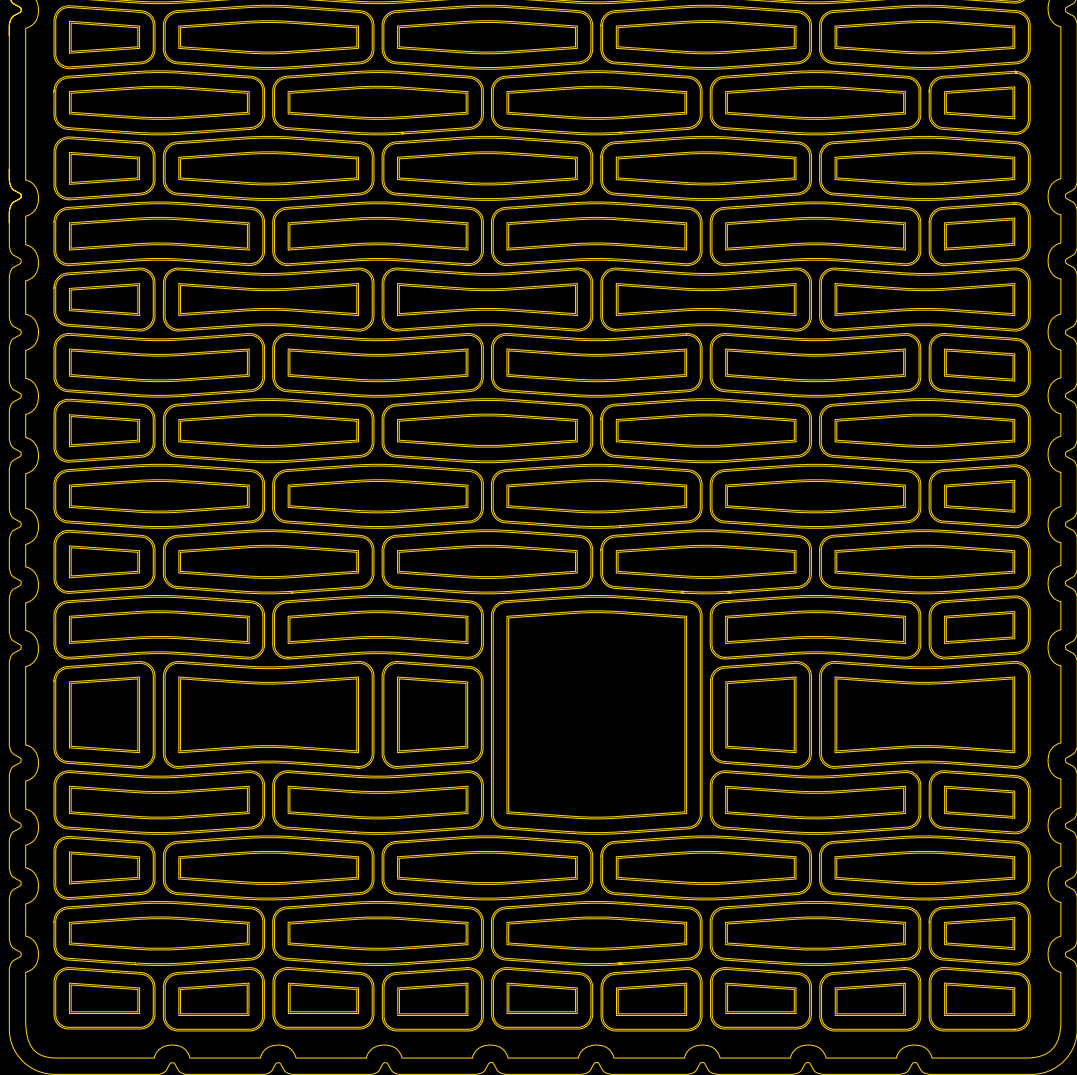


CORPORATE GOVERNANCE REGULATION

– 2014 –



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PREAMBLE

In consideration of the provisions of the Rulebook of Bursa de Valori București S.A. (Bucharest Stock Exchange) – market operator, updated edition, and particularly the Corporate Governance Code of Bucharest Stock Exchange, **CEMACON SA** (the “Company”), in its capacity of issuer of securities on the Romanian capital market, deems necessary to draw up this Corporate Governance Code of the Company.

This Code describes how the Company understands to adopt and apply the best principles of corporate governance, as well as the express recommendations of BVB’s Corporate Governance Code.

Considering the Company’s strategic and business-specific objectives, the development and implementation of corporate governance principles represents an action aimed at ensuring a strict corporate governance sizing and regulating the governance framework at Company level.

This Corporate Governance Regulation was approved by **CEMACON SA** in the Board meeting of November 24th 2014.

CORPORATE GOVERNANCE STRUCTURES

1

The corporate bodies of **CEMACON SA** are structured as it follows:

- General Meeting of Shareholders, which is the highest decision-marker of the Company
- Board of Directors

CEMACON SA is a company managed in a one-tier management system, by managers, one of whom is appointed General Manager. The overall development and business course of the Company are set and followed-up by the Board of Directors;

CEMACON SA Company adopted the one-tier management system.

If the Company's management system changes, this Regulation shall be amended and its articles shall be adapted and applied accordingly.

If a new management system is proposed, the Board of Directors shall inform the Company's shareholders and the market of the rationale that lead to such option and shall present the manner in which the Corporate Governance Regulation is to be applied to the new management system..

1.1 General Meeting of Shareholders (“GMS”)

CEMACON SA defined and implemented firm internal procedures regarding the organization and proceedings of GMS, as well as the rules governing its legal and statutory activity, in accordance with the Articles of Incorporation and the applicable law.

As regards its structure, depending on the matters that require shareholders’ consideration, the General Meeting of Shareholders may be Ordinary or Extraordinary.

1.1.1 Ordinary General Meeting of Shareholders (“OGMS”)

The main duties of the Ordinary General Meeting of Shareholders are:

- a. discussing, approving or amending annual financial statements, after reviewing administrator and financial auditor’s reports;
- b. distributing profit and setting dividends;
- c. appointing directors and removing them from office;
- d. approving the minimum term of the audit contract;
- e. setting the level of remuneration paid to directors and financial auditor for the current financial year;
- f. giving opinion on administrators’ discharge of their duties, assessing their activity and relieving them of their duties, in accordance with the law;
- g. deciding on taking administrators to justice, as the case may be, for any prejudice caused to the Company;
- h. approving the revenue and expenditure budget and, as the case may be, the business agenda for the following financial year;
- i. deciding on other matters regarding **CEMACON SA**, in accordance with their legal duties, provided that such issues are on the agenda of a OGMS or EGMS.

Majority and Quorum Requirements for OGMS

Quorum requirements for the first meeting call are observed if shareholders representing more than 1/4 of the Company’s share capital are present at the meeting. This minimum quorum requirement is not applicable when appointing the chairman and secretary of that meeting, as well as any one or several technical secretaries, as the case may be. Decisions may be validly adopted with the “pro” vote of shareholders representing the majority of the Company’s share capital.

If the quorum is not met within 30 (thirty) minutes from the time set for the first call (or any other time given by the chairman of the meeting) or if the quorum ceases to be met during the meeting, it shall be held another day, at a time and place specified for this purpose in the call. In the second call, the meeting can validly make decisions regardless of the number of shareholders present, by the vote of shareholders representing the majority of the votes given.

If the applicable legal provisions require other conditions, the majority and quorum requirements shall be observed in compliance with those respective legal provisions.

1.1.2 Extraordinary General Meeting of Shareholder (“EGMS”)

The main duties of the Extraordinary General Meeting of Shareholders are:

- a. changing the legal status of the Company;
- b. amending the Company’s business object;
- c. increasing the share capital of the Company;
- d. decreasing the share capital of the Company;
- e. merging the Company with other companies;
- f. dividing the Company;
- g. deciding on early dissolution of the Company;
- h. converting shares from one category into another;
- i. converting bonds from one category into another or into shares;
- j. issuing bonds;
- k. entering into transactions for acquiring, alienating, exchanging or pledging Company’s assets as guarantee, when their total or individual value exceeds, during

- a financial year, 20 per cent of the total book value of the Company's fixed assets less the receivables;
- l. amending the Articles of Incorporation;
 - m. deciding on any other matters that require the approval of the Extraordinary General Meeting of Shareholders.
 - n. relocating the registered office of **CEMACON SA**, as well as changing the main business object are delegated, under the Articles of Incorporation, to the Company's Board of Directors.

Majority and Quorum Requirements for the EGMS

Quorum requirements for the first call are met if shareholders representing more than 1/4 of the Company's share capital are present at the meeting. This minimum quorum requirement is not applicable when appointing the chairman and secretary of that meeting, as well as any one or several technical secretaries, as the case may be. Decisions may be validly made with the "pro" vote of shareholders representing the majority of the Company's share capital.

If the quorum is not met within 30 (thirty) minutes from the time set for the first call (or any other time given by the chairman of the meeting) or if the quorum ceases to be met during the meeting, it shall be held another day, at a time and place specified for this purpose in the call. In the second call, the meeting can validly make decisions if the shareholders representing more than 1/5 of the share capital of **CEMACON SA** are present, with the "pro" vote of shareholders representing the majority of the Company's share capital.

If the applicable legal provisions require other conditions, the majority and quorum requirements shall be observed in compliance with those respective legal provisions.

1.1.3 The Process of Convening the General Meeting of Shareholders

General Meetings of Shareholders are convened by the Board, whenever it is necessary. The convening time may not be set earlier than thirty days as from the date when the convening call is published in the Official Gazette of Romania, Part 4 (the term is assessed excluding the day when the call is published and the day when the meeting is held). The call shall be published in the Official Gazette of Romania, Part 4, and in one of the wide circulation newspapers of Romania.

The call shall specify the date and time when the meeting is to be held upon the first call, whether it is to be held at the registered office of the Company (unless the directors decide it to be held elsewhere, case in which the call shall expressly specify the address), as well as the date, time and venue of the second call. The call shall specify all matters subject to meeting's approval.

When the agenda also includes proposals for amending the Articles of Incorporation, the call shall include the full text of those proposals.

The proceedings of shareholders' meeting shall be held in Romanian language, and if non-Romanian speaking shareholders are going to attend, **CEMACON SA** shall make available, at its own cost, an interpreter providing simultaneous translation into English language (or another international language, as requested).

In exceptional cases, when the interest of **CEMACON SA** requires it, the Board of Directors may call the Shareholders' Meeting.

According to capital market regulations, drafts of the matters subject to GMS's approval and any support materials shall be posted on the Company's website (**www.cemaccon.ro**) as from the date when the call is published, as well as on the Bucharest Stock Exchange website (**www.bvb.ro**).



1.2 Board of Directors

The business company **CEMACON SA** is under the administration of a Board of Directors formed of 5 directors elected for a period of 4 years, who discharge their duties to the best interest of the Company, with the care and diligence of a good administrator, and who take all actions that may be necessary and convenient, so that the company's business could be achieved in the best conditions.

The Board of Directors is subordinated to the General Meeting of Shareholders.

The Board of Directors has the following main duties:

- a. establishing the Company's main course of business and development;
- b. setting the accounting policies and the financial control system, as well as approving the financial planning;
- c. appointing and dismissing managers and establishing their remuneration;
- d. supervising managers' activity;
- e. preparing the annual report, organizing the general meeting of shareholders and implementing its decisions;
- f. submitting the request for initiating the company insolvency procedure, in accordance with the Law no. 85/2006 on the insolvency procedure.

Pursuant to article 114 of Companies Law no. 31/1990, the Board of Directors may not delegate to managers any of the above mentioned duties or any of the duties that the Board of Directors received from the General Meeting of Shareholders.

The directors may be removed from office at any time, by the Ordinary General Meeting of Shareholders. The Board of Directors is headed by a President, elected from among the directors, by directors' vote or directly by the Ordinary General Meeting of Shareholders. The President of the Board generally convenes the Board, sets the agenda, presides the meeting and sees that directors are adequately informed of the matters on the agenda.

The President of the Board of Directors coordinates the activity of the Board and reports it to the General Meeting of Shareholders; it sees to the adequate operation of the Company's bodies. The Board of Directors meets at least once every three months. The Board of Directors has the duty to supervise, scrutinize and evaluate the activity of its managers and ensure fair treatment of all shareholders.

The directors shall not disclose any confidential information or trade or business secret of the Company, to which they had access in their capacity of directors, including after the termination of their term in office. The duties, responsibilities and powers of the Board of Directors, as well as directors' obligations are provided by the valid law. The directors shall not make abuse use of their capacity and shall not adopt an unfair conduct towards the Company and shall see to the lawfulness of the activity carried out by the Company.

1.3 Consultative Committees

1.3.1 Audit Committee

The main duties of the Audit Committee include reviewing and preparing the adoption of the annual and consolidated financial statements and the proposal for profit distribution. The Audit Committee reviews the annual financial statements of the Company and may propose all actions necessary for adopting such statements. Moreover, the Audit Committee shall supervise the Company's risk management actions and its financial results and shall monitor the information reported by Company's internal auditors, being able to advance proposals and recommendations to the Board.

The Audit Committee shall maintain the liaison with the Internal Auditor of the Company as well as with the External Auditor for consultations in certain aspects regarding the proper operation of the company.



1.3.2 Remuneration Committee

The main duties of the Remuneration Committee are the following:

Identifying criteria and targets for any performance-based remuneration scheme (bonuses, commissions, other financial benefits in addition to the salary for leaders, deputy general managers and staff), being authorized by the Board of Directors to request any information that it deems necessary for the purpose of fulfilling its duties. For this purpose, it shall see that the remuneration is correlated with medium and long-term performance, and the performance assessment takes into consideration risk adjustments, including liquidity risk and capital cost;

The Consultative Committees are in charge of drawing up recommendations to the Board, in their specific fields

1.4 Executive Management

The executive management of the Company is ensured by individual managers whose duties are delegated to them by the Board of Directors.

The managers are responsible for taking all actions associated with the management of the Company, within the limits of its business object and in compliance with the exclusive duties which the law or the Articles of Incorporation reserve to the Board of Directors or General Meeting of Shareholders.

The Board of Directors may set by decision any limitation, to the delegated or individual managers', power to enter into any document for and on behalf of the Company, depending on the powers held by the Board or delegated to it by the General Meeting of Shareholders.

The Managers of the Company shall fulfill their office with loyalty and to the best interest of the Company; they shall not disclose any confidential information or trade or business secret of the Company, to which they had access in their capacity of managers, including after the termination of their term in office.

Each executive manager shall make sure that they dedicate the time and attention necessary to fulfill their tasks and limit their professional obligations so as to fulfill their tasks as effectively as possible. For this purpose, the Company shall publish, in the Annual Report, information concerning the executive managers' offices in other listed companies, if applicable. The manner in which the activity of the General Manager and Financial Manager is organized, is established by decision of the Board of Directors.

SHAREHOLDER'S RIGHTS

2

The main rights of the shareholders in connection with the General Meeting of Shareholders are presented below:

Right of access to information: **CEMACON SA** publishes documents and necessary information on its website (www.cemaccon.ro), so as to make sure that all shareholders make informed use of their rights;

Right to a minimum notice term: The shareholders of the Company are notified of any future shareholders meeting by means of a call, published in the Official Gazette of Romania and in a newspaper of national circulation, at least 30 days prior to the meeting date; moreover, the call shall be posted on Company's website, under Investor Relations section, and shall be submitted to the Romanian National Securities Commission and Bucharest Stock Exchange, under the form of a current report;

Right to supplement the meeting agenda: The shareholders of **CEMACON SA** representing, individually or jointly with other shareholders, at least 5% of the share capital may request additional items to be added to the agenda, within the limits and in compliance with the provisions of the applicable law;

Right to participate to the meeting: The shareholders registered in the shareholders' register at the reference date have the right to participate in person or by proxy to the General Meetings of Company's Shareholders;

Right to vote: The share capital of the Company is represented by ordinary shares conferring the right to vote for each share registered in shareholder's name at the reference date;

Right to address questions: Any shareholder of the Company may address questions in writing regarding the matters on the agenda of the General Meeting of Shareholders and has the right to receive answers from **CEMACON SA**.

TRANSPARENCY, FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

3

3.1 Transparency

CEMACON SA ensures the preparation of timely and continuous information on all significant events, including the financial status, performance and management.

In order to make relevant information available to shareholders, **CEMACON SA** has created on the webpage www.cemacon.ro a special, easily accessible section named « Investor Relations », which is updated whenever it is necessary. The page is structured so that shareholders and investors may access all pieces of information necessary, respectively information regarding the GMS, financial calendar, financial reporting, current reports, corporate governance, shareholders' structure, etc.

In addition, **CEMACON SA** has internal structures specialized on investor relations and own shareholders relations. Shareholders may also communicate using the following means:

1. Dispatching registered letters to the head office of the Company, at 48 Calea Dorobanților, Silver Business Center, 1st floor, Cluj-Napoca, Romania;
2. Sending documents by fax: +40 360 816 083;
3. Sending documents by e-mail: office@cemacon.ro;
4. Using the contact form made available on the Company's website: <http://cemacon.ro/contact/>

3.2 Financial Reporting

The Company prepares and disseminates relevant timely and continuous information in accordance with the International Financial Reporting Standards (IFRS) and other reporting standards. Information is distributed both in Romanian and English languages.

The reports made available to investors include:

- Annual financial statements prepared in accordance with IFRS;
- Half-yearly financial statements prepared in accordance with IFRS;
- Quarterly financial statements prepared in accordance with IFRS;
- Periodic reports including relevant information regarding the financial and operational activity of the Company;
- Other Reports.

Information is distributed through its own website, **www.cemacon.ro**, "Investor Relations" section, on the website of Bucharest Stock Exchange and at the head office of **CEMACON SA**.

At least once a year, the Company organizes meetings with financial analysts, brokers, investors and other market specialists, for the purpose of presenting the annual and half-annual financial statements, as financial elements relevant for making investment decisions.

3.3 Efficiency of Financial Reporting, Internal Control and Risk Managements

The Board of Directors of **CEMACON SA** includes an Audit Committee which shall regularly examine the effectiveness of financial reporting, internal control and risk management.

The Audit Committee shall make sure that the audit reviews performed, as well as the audit reports prepared pursuant to such reviews are compliant with the audit plan approved.

The Audit Committee shall meet at least twice a year and shall discharge their responsibilities in close cooperation with the financial auditor, being informed of the financial auditor's work program.

The Audit Committee shall assist the Board of Directors in monitoring the reliability and integrity of financial information provided by the Company, particularly by reviewing the relevance and consistency with accounting standards applied by it (including consolidation criteria).

The Audit Committee shall make recommendations to the Board of Directors regarding the selection, appointment, re-appointment and replacement of the financial auditor, as well as the terms and conditions for financial auditor's remuneration. The Audit Committee shall monitor the independence and objectivity of the financial auditor.

The company implemented an internal risk management and control system that is suitable for the company. In order to manage and control the internal risk the company implemented the following:

- risk analysis of the operational and financial objectives of the company;
- guides for the layout of the financial reports and the procedures to be followed in drawing up the reports;
- design and implement adequate internal control procedures
- a system of monitoring and reporting over the effectiveness of internal controls.

CONFLICT OF INTERESTS AND RELATED PARTIES TRANSACTIONS (MAJOR TRANSACTIONS)

4

4.1 Conflict of Interests

The directors will take decisions in the interests of the Company and will refrain from taking part in any deliberation or decision that creates a conflict between their personal interests and those of the company or any subsidiary controlled by the Company.

If a conflict of interests arises and the relevant director refrains from deliberating or voting on those matters, that director's justified refraining from voting shall be specified in the minutes of that respective meeting.

Each director shall inform the President of the Board of Directors of any office of director, manager or any responsibility that he/she holds outside the Company, during his/her current office.

Each director shall inform the Board, including its President, of any conflict of interest as it arises, respectively on that director's assessment of the potential conflict that might results pursuant to certain operations.

4.2 Related Parties Transactions (Major Transactions)

In order to ensure procedural fairness of related-parties transactions ("self transactions") the Board relies on the following criteria:

- reserving to the competence of the Board or GMS, as the case may be, the approval of the most important transactions;
- requesting from the internal control structures a prior opinion on the most important transaction;
- entrusting negotiations regarding any such transactions to one or more independent directors or directors having no ties with the related party, other executive management members or external consultants;
- the recourse to independent experts.

Otherwise, related-party transactions shall always be conducted in objective, non-preferential conditions and, moreover, the external auditor shall be called upon to review such transaction that the external auditor shall adequately note in its audit report.

In addition, the Company has prepared a separate procedure for the purpose of ensuring procedural fairness in view of identifying related-parties transactions.

In accordance with the Capital Market Law, the executive management of a listed company has to immediately disclose any transaction conducted by the Company with members of the executive management or board of directors, employees, major shareholders and other individuals related to the abovementioned, when the total value of such transactions represents at least the equivalent in lei of 50,000 Euro.

Any transaction of the nature of those described shall be made in strict compliance with the provisions of the Company's Law (31/19900 - art 144 index 4), Capital Market Law (art 225) any other applicable legal provision.

TREATMENT OF CORPORATE INFORMATION

5

Directors and managers of **CEMACON SA** shall keep confidential the documents and information acquired in the performance of their duties.

The managers of **CEMACON SA** shall ensure a correct handling of corporate information, affording special importance to information capable of influencing the evolution of the market price of Company's issued stock.

MISSION. VISION. VALUES

6

6.1 Mission

At **CEMACON** we believe in evolved construction.

Therefore, we constantly invest in technology and research to develop unique products that bring a real benefit to those who use them. For us, innovation is a way of being. Our goal is to find new, superior solutions and to set new trends on the building materials market.

We developed the new **EVO**CERAMIC range of products that combines innovation with the latest technology and we created solutions for people and for performant, intelligent buildings.

6.2 Vision

We strive to become the leader of the Romanian brick market and we want our name to be synonymous with "evolved constructions".

To achieve this goal, we set a course focused on sustainable and constant growth, which is based on the following core values:

- **Innovation:** we constantly invest in technology and research to develop unique and evolved products. We innovate in all the aspects of our work.
- **Creativity:** we seek inspiration in the life and in the activity of our clients precisely in order to find solutions that ease the work of those who use them.
- **Performance:** for our shareholders and for our clients through company's results and attitude.
- **Courage:** we believe in what we do and we are not afraid of any challenge.
- **Environment:** we use natural materials to manufacture our products and we encourage green building solutions.
- **Responsibility:** we are part of the community and we give back the help we receive from it.
- **Fun:** really good things are made with passion and determination, but also with a smile on the face.

CORPORATE RESPONSIBILITY

7

7.1 Code of Business Conduct

CEMACON bases its growth and success on business integrity, commercial policy based on mutually gain and collaboration proposed to its clients, continuous effort to innovate and improve products and law enforcement. Those principles are included both in the management strategy and the internal regulations code which sets the framework for the rights and obligations for both employer and employees.

Ethical principles promoted by **CEMACON SA** are correct organizational behavior towards customers, authorities, colleagues, community; strengthening consumer confidence in products and services; promoting company image through quality and professional services, encouraging and promoting good cooperation at all levels.

CEMACON SA offers great importance to relations with employees, because for the company, employees are the most important resource in the successful implementation of business strategies.

Through the collective labor contract, compensation and benefits package, training plans, internal communication strategy, health and safety policy, is built a framework in which employees feel valued and rewarded for their work.

7.2 Performance Management

The Company has a performance management system that provides to the employees a clear direction on how their activities and duties are related to the strategic objectives of the organization, allowing them to work in a coordinated and collaborative way to achieve expected results. The system is constructed by cascading the overall strategy of the company in departments, to individual levels, allowing easy tracking of indicators both globally and individually and identify biases and their source.

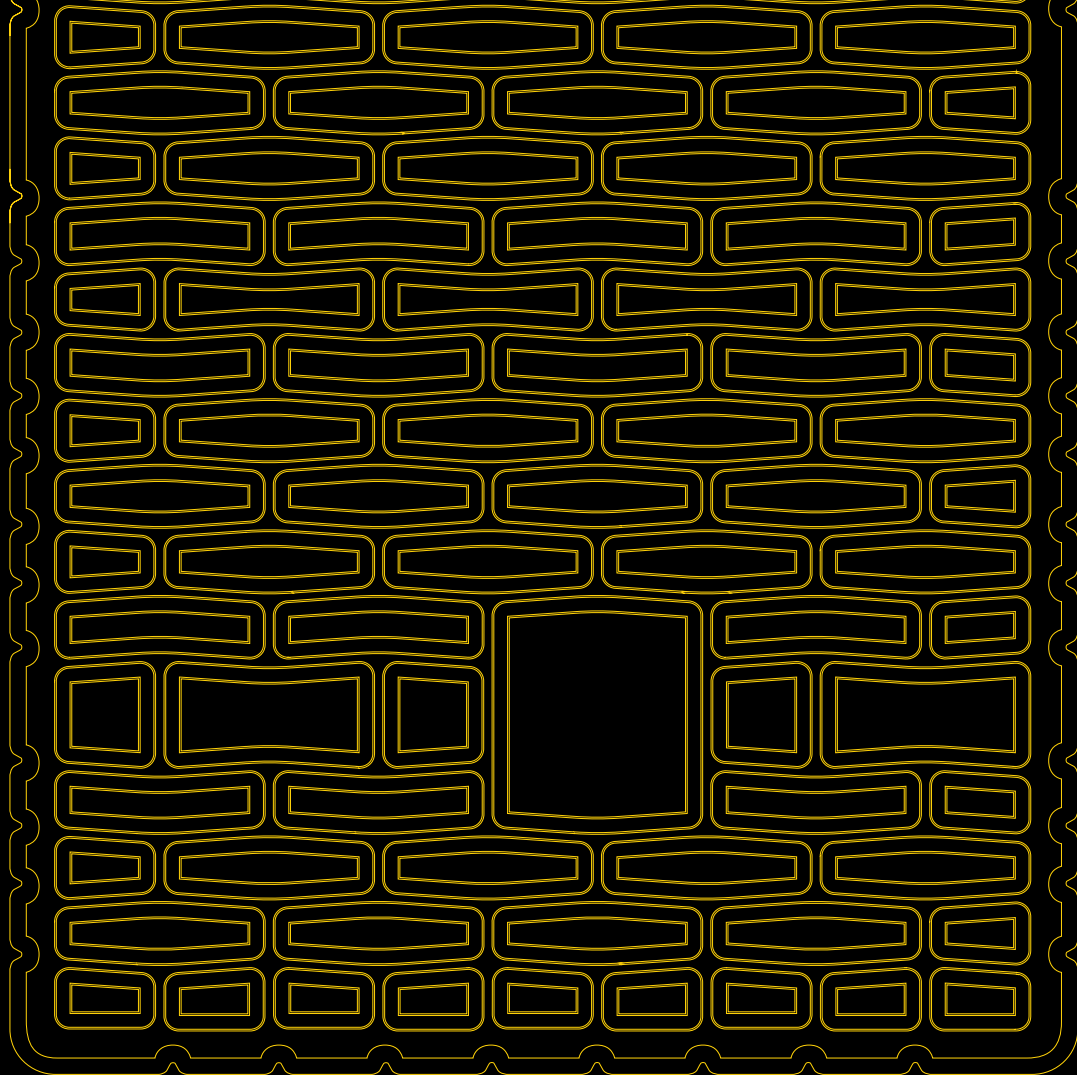
The financial performance of the Company is tracked internally by the Financial Control Department and reviewed annually by the external auditor of the company.

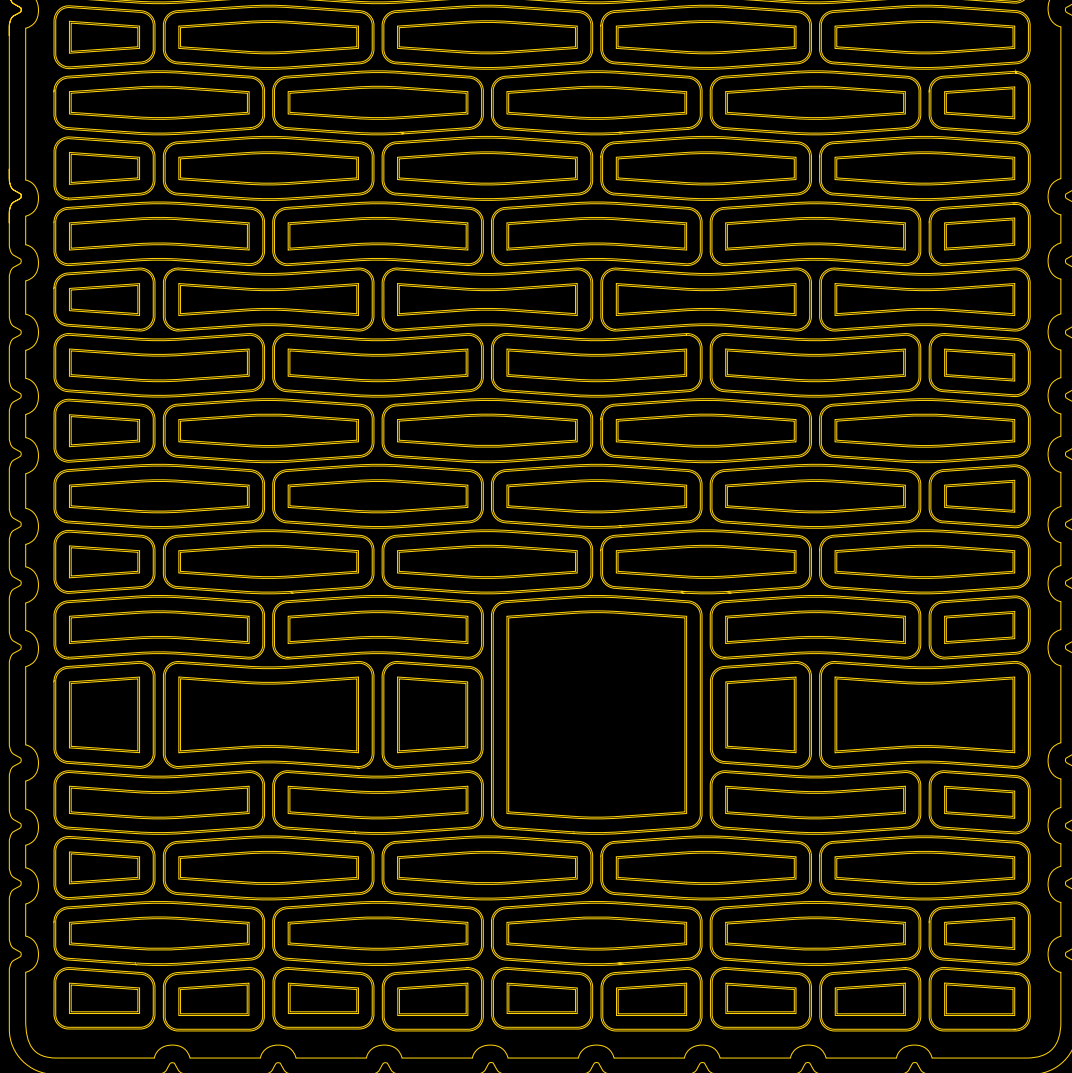
Human Resources Department develops and is responsible for the implementation of all Company's policies related to its employees, through which on the one hand to ensure staff and skills needed and, on the other hand, to provide motivation and employees loyalty, thus ensuring a balance between the two parties.

7.3 Sustainability

Sustainability - a keyword to responsible companies, is no longer just a trend, it is a value that the company **CEMACON** integrated into its business strategy.

At **CEMACON**, we chose to orient ourselves to protecting the environment and community development. Through our products we enable the construction of green buildings in a durable and environmentally sustainable way.





CEMACON
EVO CERAMIC intelligent bricks

www.cemacon.ro