



# SOCIETATEA DE INVESTITII FINANCIARE TRANSILVANIA S.A.

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Societate administrată în sistem dualist

No. 230/11.01.2016

To: **Bucharest Stock Exchange**  
**Financial Supervisory Authority**  
- **Financial Instruments and Investments Sector**

## **CURRENT REPORT** **According to the N.S.C. Regulation no. 1/ 2006** **Report date: January 11<sup>th</sup>, 2016**

S.I.F. Transilvania S.A.

Headquarters: 2, Nicolae Iorga Street, Brasov 500057

Telephone: +40 268 415529, 416171; Fax: +40 268 473215, 473216

Tax registration code: RO3047687

Order number in the Trade Register: J08/3306/92

Registration number in the NSC Register: PJR 09 SIIR/080004

Subscribed and paid-in share capital: RON 218,428,666.40

Regulated market on which the issued securities are traded: Bucharest Stock Exchange (ticker: SIF3)

### **Important event to be reported: Status of compliance with the BSE Corporate Governance Code**

S.I.F. Transilvania ensures the implementation of corporate governance principles from the financial year 2010, when it voluntarily adhered to the Corporate Governance Code (CGC) of the Bucharest Stock Exchange. The company presented periodically by the "Comply or Explain" statements in annual reports, the degree of compliance with the principles and recommendations of the CGC of BSE.

Following the launch in September 2015 of the new BSE Corporate Governance Code (the Code), applicable as of January 4<sup>th</sup>, 2016 to all companies whose shares are admitted to trading on a regulated market, SIF Transilvania has assessed the company's compliance with the new code, the compliance status being presented in the Appendix.

Also, we inform the shareholders that in order to implement the requirements of the Code, the Supervisory Board approved in its meeting on January 8, 2016 the establishment of a Nomination Committee with the following membership: Stefan Szabo - President, Dumitru Carapiti - Vice President and Mihai Fercală – member.

In the same the meeting held on January 8<sup>th</sup>, 2016, the Supervisory Board approved the changes in the membership of its Committees as follows:

The new composition of the Audit Committee is the following: Stefan Szabo-President of the Committee, Dumitru Carapiti-Vice President and Petru Mihalcea-member.

The new composition of the Remuneration Committee is the following: Stefan Szabo- President of the Committee, Dumitru Carapiti – Vice President and Răzvan Gavaneanu –member.

The new composition of the Risk Committee is the following: Crinel-Valer Andnuț - President, Gheorghe Luțac - Vice President and Petru Mihalcea - member.

Also in January 2016, the Executive Board and the Supervisory Board approved the set of policies on the remuneration of shareholders, the remuneration policy of the Executive Board and Supervisory Board members, the policy with respect to forecasts and the social responsibility policy.

The provisions of the new Code that the Company currently does not comply or partially comply with will be gradually implemented and the investors will be informed on the further developments by means of current reports that will be sent to BSE.

**Mihai Fercală**  
**Executive President/ C.E.O.**

**Iulian Stan**  
**Executive Vice President/Deputy CEO**

Disclaimer: The following is an English translation of the original current report which was prepared in Romanian. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise . In case of discrepancies between the Romanian and the English version, the Romanian version shall prevail.

## **Appendix: Compliance with the provisions of the BSE Corporate Governance Code (BSE CGC)**

	Provisions to comply with	Compliance Yes/No/Partially	Explanations
<b>Section A - Responsibilities</b>			
A.1.	All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES	The Regulation of the Supervisory Board will be updated with the additional requirements of the BSE CGC.
A.2.	Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES	The provisions regarding the management of conflict of interest are currently included in the internal procedure on the prevention and management of conflict of interests.  The Regulation of the Supervisory Board will be updated accordingly.
A.3.	The Supervisory Board should have at least five members.	YES	
A.4.	The majority of the members of the Board should be non-executive. Not less than two non-executive members of the Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Supervisory Board should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice.	YES	
A.5.	A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	
A.6.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more 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.	YES	
A.7.	The company should appoint a Board secretary responsible for	YES	

	supporting the work of the Board.		
A.8.	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	PARTIALLY	The evaluation of the Supervisory Board for the financial year 2015 is in progress.
A.9.	The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES	
A.10.	The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	YES	
A.11.	The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the Nomination Committee should be independent.	PARTIALLY	The composition of the nomination committee does not fully comply with the BSE CGC provisions
<b>Section B- Risk management and internal control system</b>			
B.1.	The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES	
B.2.	The Audit Committee should be chaired by an independent non-executive member.	NO	
B.3.	Among its responsibilities, the Audit Committee should undertake an annual assessment of the system of internal control.	YES	
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses	YES	

	and their submission of relevant reports to the Board.		
B.5.	The Audit Committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES	
B.6.	The Audit Committee should evaluate the efficiency of the internal control system and risk management system.	YES	
B.7.	The Audit Committee should monitor the application of statutory and generally accepted standards of internal auditing. The Audit Committee should receive and evaluate the reports of the internal audit team.	YES	
B.8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	
B.9.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES	
B.10.	The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, 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 following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	YES	
B.11.	The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES	
B.12.	To ensure the fulfilment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES	
<b>Section C – Fair rewards and motivation</b>			
C.1.	The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. [...] The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy	YES	The coordinates of the remuneration of the Supervisory Board and Executive Board members are provided by the Company's

	during the annual period under review.		<p>articles of incorporation which are approved by the general meeting of shareholders and published on the Company's website.</p> <p>The Company will include in the annual report a statement on the implementation of the remuneration policy.</p>
<b>Section D – Building value through investor relations</b>			
D.1.	The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES	
D.1.1.	Principal corporate regulations: the articles of association, general shareholders' meeting procedures.	YES	
D.1.2.	Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	YES	
D.1.3.	Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	YES	
D.1.4.	Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	YES	
D.1.5.	Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such	YES	

	operations. Such information should be published within a timeframe that enables investors to make investment decisions;		
D.1.6.	The name and contact data of a person who should be able to provide knowledgeable information on request;	YES	
D.1.7.	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	YES	
D.2.	<p>A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit.</p> <p>The annual cash distribution or dividend policy principles should be published on the corporate website.</p>	YES	The set of policies on the shareholders' remuneration, approved by the Executive Board and the Supervisory Board, is published on the Company's website and will be submitted for the approval of the EGMS which will be convened together with the OGMS for the approval of the 2015 financial statements.
D.3.	A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts 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): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	YES	
D.4.	The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect at the earliest as of the next general meeting of shareholders.	YES	
D.5.	The external auditors should attend the shareholders' meetings when their reports are presented there.	YES	
D.6.	The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on	YES	

	issues subject to resolution at the general meeting.		
D.7.	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES	
D.8.	The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES	New requirement of the BSE CGC that will be implemented starting with 2016.
D.9.	A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	PARTIALLY	<p>The company organized a conference call with investors in 2015.</p> <p>The Company considers that the information published in the current and periodical reports provided a high transparency degree which allows the shareholders and potential investors to take well-grounded investment decisions.</p>
D.10.	If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES	