



CORPORATE GOVERNANCE

REGULATION

PREAMBLE

SIF Muntenia's Manager decided to adhere to the corporate governance rules and principles laid down by specific legislation and the Corporate Governance Code of BSE. Adherence to corporate governance rules and principles of the Code of Corporate Governance of Bucharest Stock Exchange was made starting with the annual report for the 2010 financial year. Since the annual report for the 2015 financial year, SIF Muntenia's manager decided to accede to the rules and principles on corporate governance of the new Corporate Governance Code of the BSE (September 2015 version).

SIF Muntenia SA's manager believes that the principles of corporate governance ensure accuracy and transparency of the decision making process of the company and allows equal access for all shareholders to relevant information, being a reliable and less costly means to increase the attractiveness of the SIF.

Since 2016, the Annual Report on the Administration of SIF Muntenia SA will contain enclosed the Declaration on the principles of corporate governance drawn up in accordance with the FSA Regulation no. 2/2016 and the BSE Corporate Governance Code.

SIF Muntenia SA's annual report will be accompanied by an explanatory note describing the relevant events related to the application of corporate governance principles, recorded during the financial year for which the report is provided.

CHAPTER 1 CORPORATE GOVERNANCE STRUCTURES

SIF Muntenia is a U.C.I.T.S. managed by the investment management company (IM) Muntenia Invest, IM authorized by the National Securities Commission (NSC) and registered in the FSA Registry under number PJR05SAIR/400006/13.01.2004. SIF Muntenia SA's administration is performed under a management contract whose content has been approved by the NSC. SIF Muntenia SA performs the administration under a unitary system, in compliance with Law no. 31/1990 and the Establishment Deed. Between the General Meetings of Shareholders (SGM), the activity of SAI Muntenia Invest SA is supervised by the Shareholders Representatives Council (SRC), supervisory body composed of 11 individuals elected by the SGM for a period of 4 years. SRC duties and responsibilities are established by the Establishment Deed of SIF Muntenia SA.

Corporate governance structures of SIF Muntenia SA are:

- SIF Muntenia SA's Manager (SAI Muntenia Invest SA) represented by the members of the Board of Directors of the Administrator (according to Law no 31/1990 and Law No. 297/2004).
- Executive management of SIF Muntenia SA's Manager (SAI Muntenia INVEST)
- permanent representatives appointed by the Administrator SAI Muntenia Invest SA and registered with the Trade Register for SIF Muntenia SA

Positions, competencies and responsibilities of above-mentioned management structures are presented below:

SIF MUNTENIA SA's Administrator

SIF Muntenia SA is managed by SAI Muntenia Invest SA under the management contract approved by NSC by approval no. 35/15.06.2006. SAI Muntenia Invest SA is represented by its three members of the Board of Administrators and by the nominated permanent representatives. Members of the Board of SAI Muntenia Invest SA are elected by the General Meeting of Shareholders for a period of 4 years, with the possibility of being re-elected. Board members are authorized by the FSA.

During its activity, the Board of Administrators adopts decisions. The decisions legally taken are binding for the effective management and for directors that missed the meeting, voted against or abstained. Decisions are enforceable from the moment of their communication in writing or from the time of general information, through the Secretariat of the Board of Administrators.

The main objectives of the Administrator are defined by the annual management programs of SIF Muntenia SA and they are subject to SIF's SGM approval. For the current period, the main objectives are:

- **maintaining SIF Muntenia as a diversified balanced fund, aiming to combine a balanced increase of the assets with moderate revenues, at a medium risk level**
- **continue restructuring the portfolio and effective administration so as to ensure a long-term sustainable growth**
- **continue the investment process with a focus on investments in Romania and listed shares**

Obligations and liabilities of SIF Muntenia SA's manager are governed by the provisions regarding the mandate and those specially provided by Law 31/1990 amended and supplemented, the capital market legislation, NSC/FSA regulations applicable, provisions of the Establishment Deeds of SAI Muntenia INVEST SA and SIF Muntenia SA and provisions of the Management Contract.

The Board of Administrators may create advisory committees made up of board members, charged with conducting investigations and making recommendations for the board, in areas such as audit, remuneration of directors, managers, staff, the nomination of candidates for the various positions of responsibility, etc. The Board of Administrators establishes the competencies and functionality of the committees established.

The Board of Administrators approves the delegation of powers and sets limits of competence for the General Manager, directors and their alternates.

The Board of Administrators approves the delegation of power and/or the right of representation, establishing their limits.

Effective management

Effective management of SIF Muntenia SA's activity is ensured in accordance with legal regulations and internal regulations of SIF Muntenia SA's Administrator, by the General Manager and the Managers. They are also managers within the meaning of applicable legal provisions and are authorized by the FSA.

The effective management informs the Board of Administrators on the work performed between its regular meetings.

The effective management is empowered to manage and coordinate the daily activity of the Company and may bind the Company within the mandate granted by the Board of Administrators. Effective managers of the company are responsible with compliance with working procedures established by the Internal regulations of SIF Muntenia SA's Administrator.

President of the Board of Administrators

The President of the Board of Administrators of SIF Muntenia's Administrator is appointed by the Shareholders General Ordinary Meeting by secret vote.

The President of the Board of Administrators has the following responsibilities:

- convenes the Board of Administrators at least once a month;
- chairs the meetings of the Board of Administrators;
- follows the fulfillment of the Board of Administrators' decisions;
- chairs the Shareholders General Meetings and submits to debate and approval the issues on the agenda of the Shareholders General Meetings.

General Manager/Managers

The General Manager/Managers is/are appointed by the Board of Administrators of the Company and ensure the effective management of the company. In the absence of the General Manager/Managers, each job related duties are taken over by their replacements appointed by the Board of Administrators of SAI Muntenia Invest SA and communicated to the the FSA.

Starting with the Report on the administration of SIF Muntenia SA from 2016, SIF Muntenia SA's Administrator has decided to include an appendix containing the Declaration on the principles of corporate governance where it explains the recommendations contained in the legislation in force and in the Corporate Governance Code that SIF has not fully or partially implemented.

The www.sifmuntenia.ro website presents information on the corporate governance policy of SIF Muntenia, containing:

- list of Shareholders Representatives Council;
- list of members of the Board of Administrators and the effective management of SIF Muntenia SA's Administrator presenting in brief the resume for each of them and the main issues on specialized committees of the Board of Administrators;
- the updated Establishment Deed of SIF Muntenia;
- Declaration on the principles of corporate governance

CHAPTER 2 SHAREHOLDERS RIGHTS

SIF Muntenia is a collective investment scheme with a number of over 5.5 million shareholders (individuals and companies). Despite this impediment, SIF Muntenia SA's Administrator tries to take the necessary steps to protect and facilitate the exercise of shareholders' rights and to provide them unhindered access to all rights of ownership deriving from the securities they hold. SIF Muntenia SA's Administrator has an equal position towards all shareholders, ensuring their

continuous and non-discriminatory access to information and the amounts to which they are entitled.

The Shareholders General Meetings (SGM) is convened by the Board of Administrators of SAI Muntenia Invest SA in accordance with the legal provisions, the NSC/FSA regulations and the Articles of Incorporation of SIF Muntenia SA. The meetings are recorded by the secretary chosen by the SGM; Minutes shall be drawn up under the law and can be made available on demand to any shareholder thereof upon their simple request.

For each General Meeting of Shareholders, the Administrator of SIF Muntenia SA makes available to shareholders the following information, on the Company's website www.sifmuntenia.ro in a special section devoted to general meetings of shareholders:

- convening notice;
- materials to be submitted for the SGM approval/attention;
- any other information regarding the items on the agenda;
- draft decisions as they will be subject to SGM approval;
- forms of voting by proxy and voting by correspondence;
- procedures for participation in the Shareholders General Meeting;
- procedures for the exercise of voting rights

Decisions taken in the General Meeting of Shareholders are reported to the FSA and BSE, are published in a national daily newspaper and in the Official Gazette Part IV and the FSA bulletin, and are uploaded in the GSM section of the official website of the company www.sifmuntenia.ro and are available to shareholders at SIF Muntenia's headquarters. Detailed information on the voting results are posted on the Company's website.

At the beginning of each financial year, the Administrator of SIF Muntenia SA communicates the BSE and posts on the company's website (www.sifmuntenia.ro) information regarding the financial calendar containing at least:

- publication date of preliminary results for the previous year;
- period during which the SGM will be convened in order to approve the financial results for the previous financial year and to approve the distribution of the profit;
- dates when the reports on the results for the first quarter, semester or third quarter of the current financial year will be published;
- dates when the consolidated financial statements will be presented.

SIF Muntenia SA's Administrator liaises with shareholders through a variety of means: written correspondence, electronic mail, dedicated telephone line. Information on contact details are available on the Company's website. In general, the information requested by shareholders relate to: the payment of dividends (amount, methods, procedures, deadlines, etc.), procedure and documents required to be transferred in case of death, procedure and documents required for updating personal data, procedures and documents for trading SIF4 shares, information on financial reporting dates (periodic reports, net assets, etc.), the tax regime of non-residents, etc.

CHAPTER 3 SIF MUNTENIA SA'S ADMINISTRATOR

3.1. ROLE AND DUTIES OF SIF MUNTENIA SA'S ADMINISTRATOR

The main objectives of SIF Munténia SA's Administrator are defined by annual programs on the management of SIF Munténia SA and are subject to SGM approval. For the current period, the main objectives are:

- **maintaining SIF Munténia as a diversified balanced fund, aiming to combine a balanced increase of the assets with moderate revenues, at a medium risk level**
- **continue restructuring the portfolio and effective administration so as to ensure a long-term sustainable growth**
- **continue the investment process with a focus on investments in Romania and listed shares**

To achieve these objectives and main lines of action, the following will be taken into account:

- Invest in a mixed asset structure of classes of financial assets with different risk profiles and performance, as well as prudential diversification within these asset classes
- Continue the sectoral restructuring of shares sub-portfolio, aiming to restructure the participations in order to increase the quality of its component assets, namely to increase the representation in the portfolio of issuers operating in the sectors that are expected to perform;
- Focus on investments in Romania.

Duties and limits of competence of SIF Munténia SA's Administrator are set forth in the Management Agreement and the Articles of Incorporation of SIF Munténia SA:

- (a) to carry out management activities of SIF Munténia's collective investment portfolio in accordance with the legal provisions in force;
- (b) keep accounts of SIF Munténia's assets, which can be delegated to specialized companies under the law and regulations in force;
- (c) prepare the draft budget of income and expenses and proposals for correcting it and submit them to the Ordinary General Meeting of Shareholders of SIF Munténia, after receiving the opinion of the Shareholders Representatives Council;
- (d) to develop, distribute and publish statements and current yearly, half-yearly and quarterly reports on SIF Munténia's financial instruments, verified and certified by the auditors, according to the law; publication and dissemination will be made only after the submission of reports to the Meeting of SIF Munténia's Shareholders Representatives Council;
- (e) develop and submit, in accordance with the law and regulations, reports and information required by the National Securities Commission, Bucharest Stock Exchange and any authorized body; this information will be sent first to the Shareholders Representatives Council of SIF Munténia;
- (f) to legally represent SIF Munténia for and in relation to the financial instruments owned in the portfolio and operations planned for and with them, including in court;
- (g) to obtain authorization for the initiation and conduct of public offerings of SIF Munténia, develop and obtain authorization of the prospectuses for public offerings;
- (h) negotiate and sign the contract with the Depositary and take all measures to comply with the depository contract;
- (i) prepare, sign and submit all documents and instructions needed to meet the specific depository activities of SIF Munténia financial instruments and certification of net asset value;
- (j) to organize the activity of distribution of dividends to the shareholders of SIF Munténia, informing the Shareholders Representatives Council of SIF Munténia;
- (k) order all operations through the bank accounts of SIF Munténia;

- (l) to negotiate with third parties and sign on behalf of SIF Munténia, complying with the legal provisions and informing SIF Munténia, all service contracts necessary to fulfill the objects of activity of SIF Munténia;
- (m) to sign on behalf of SIF Munténia any papers and documents to achieve the objects of the management contract;
- (n) make every effort to timely collect all rights attached to holdings of financial instruments from SIF Munténia's portfolio;
- (o) represent SIF Munténia at the general meetings of shareholders of the companies in SIF Munténia's portfolio and exercise voting rights and any other rights attaching to these financial instruments in accordance with the strategy approved by the Shareholders General Meeting of SIF MUNTENIA;
- (p) to perform authorization procedures for SIF Munténia;
- (q) to perform any other activities necessary for the achievement of the management contract by complying with the law and National Securities Commission / Financial Supervisory Authority regulations in force.

Obligations and liabilities of SIF Munténia SA's Administrator are complemented by provisions regarding the mandate and those specially stipulated in Law 31/1990 as amended and supplemented, the capital market legislation and NSC / FSA applicable regulations.

3.2. STRUCTURE OF THE BOARD OF ADMINISTRATORS OF SIF MUNTENIA S.A.'S ADMINISTRATOR (SAI MUNTENIA INVEST)

SIF Munténia SA is managed by SAI Munténia Invest SA under the management contract approved by NSC by approval no. 35 / 15.06.2006. SAI Munténia Invest SA is represented by three members of its Management Board and by the registered Permanent Representatives. Members of the Board of SAI Munténia Invest SA are elected by the General Meeting of Shareholders for a period of 4 years, with the possibility of being re-elected. Board members are authorized by the FSA.

The persons elected to the Board of Administrators must meet the general requirements of Law 31/1990, as amended and supplemented.

In addition to the above conditions they must also meet the conditions laid down by specific legislation and FSA Regulation no. 14/2015, namely:

- a) professional competence and experience;
- b) integrity and good reputation;
- c) the existence of a possible conflict of interest;
- d) restrictions and incompatibilities;
- e) ability to carry out effective work and properly time allocation of the exercise thereof;
- f) the person's ability to perform its tasks independently.

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3.3. MANAGEMENT CONTRACT SIGNED WITH SAI MUNTENIA INVEST

SIF Munténia SA is a UCIT managed by SAI Munténia Invest SA, the investment management company authorized by NSC and registered in the FSA register under no. PJR05SAIR / 400006 / 13.01.2004. The management contract was approved by the General Meeting of Shareholders. SIF Munténia SA's Shareholders Representatives Council follows up the development of the management contract and regularly receives from SAI Munténia Invest SA's representatives activity reports on the administration.

Both the original form of contract and addenda concluded subsequently entered into force only after obtaining the NSC/ASF approval.

At the time of releasing this Regulation, SAI Munténia Invest SA has the following contractual obligations regarding the administration of SIF Munténia SA:

- a) manage the investments of SIF Munténia; during managing SIF Munténia's investments, SAI Munténia Invest will carry out operations, whereby:
 - to exercise, on behalf of SIF Munténia, the rights arising from holding of financial instruments;
 - to purchase financial instruments on behalf of SIF Munténia using its financial resources;
 - to trade the financial instruments within SIF Munténia portfolio, temporarily or permanently, partially or fully, including those which constitute real rights;
- b) to perform activities regarding:
 - Legal and accounting services related to the administration of SIF Munténia;
 - Market research;
 - SIF Munténia portfolio assessment and determining the value of the financial instruments issued by SIF Munténia SA, including tax returns;
 - Monitoring compliance with regulations;
 - Sign a contract with a company to keep records of holders of financial instruments issued by SIF Munténia SA;
 - distribution of income due to the shareholders of SIF Munténia;
 - Issuance of SIF Munténia shares;
 - SIF Munténia record keeping;
- c) undertake specific activities on marketing the financial instruments issued by SIF Munténia SA
- d) to exercise any other activities on managing SIF Munténia, in compliance with the legislation and NSC/FSA regulations.

3.4. MANAGEMENT COMMISSION DUE TO SIF MUNTENIA SA'S ADMINISTRATOR

The price of the management contract signed between SIF MUNTENIA SA and SAI MUNTENIA INVEST SA represents the management fee.

The management fee consists of a fixed part and a variable part calculated as a percentage of the value with which the gross operating profit achieved exceeds the gross operating profit estimated according to the Budget of Revenues and Expenses approved by the General Meeting of Shareholders.

The fixed part of the management fee is calculated and paid on a monthly basis, and the performance fee is calculated and paid after completion/approval of the annual financial statements.

The maximum total amount of the fix management fee that may be charged by SAI Munténia Invest SA in a financial year is stipulated in the Budet of Revenues and Expenses and it is approved by the General Meeting of Shareholders.

CHAPTER 4 TRANSPARENCY, FINANCIAL REPORTING, COMPLIANCE AND RISK MANAGEMENT

SIF Munténia ensures continuous information and indiscriminate of all shareholders by providing them with regular reports (quarterly, half-yearly, yearly) drawn up in compliance with

the accounting standards for financial reporting, the provisions of the BSE Code and other regulations in force. SIF Muntenia prepares and makes available to shareholders annual individual and consolidated financial reports prepared in compliance with IFRS standards. The reports mentioned above are available to shareholders by publication on the Company's website (www.sifmuntenia.ro). Press releases on the availability of these reports are sent to the FSA and BSE and are published in a national daily newspaper and posted in the section dedicated to investors on the company's official website www.sifmuntenia.ro

The company supports organizing/participates in meetings with investors (financial analysts, brokers etc.) and participate in road-shows organized to promote the company's image and attract new investors. On a monthly basis, SIF Muntenia informs the market and investors about the results and activity by providing assets statements and quarterly, half yearly and annual financial statements prepared in accordance with specific legislation.

Audit Committee

In the Board Administrators of SAI Muntenia Invest SA there is an Audit Committee, which regularly examines the effectiveness of financial reporting and compliance of the company.

The Audit Committee is a permanent committee that reports to the Board of Administrators. The Audit Committee assists the Board in fulfilling its responsibilities in the field of financial reporting and compliance. The structure of the Audit Committee is set by the Board of Administrators of SAI Muntenia Invest SA. The Audit Committee consists of a number of 2 non-executive members, of which one is an independent administrator. Audit Committee members have appropriate experience according to their duties within the Committee. At least one member of the Audit Committee must have competence in accounting and/or auditing.

The Audit Committee has the following duties:

- monitors the financial reporting process;
- ensures the access of internal and external auditors to information and resources and monitors the audit of consolidated annual financial statements so that financial reporting to complete as required by legal regulations and by the financial calendar;
- checks and monitors the independence degree of the financial auditor in particular where there are additional services provided by them to the I.M. or managed entities;
- analyzes the reports received from financial and internal auditors of the I.M. or of the managed entities;
- receives and analyzes all correspondence received from financial and internal auditors of the M.I. or of the managed entities;
- analyzes the reports prepared by internal and financial auditors of the I.M. or of the managed entities;
- carries out investigations to identify the causes that led to irregularities highlighted in the reports prepared by internal and financial auditors of the I.M. or of the managed entities;
- prepares and submits to the I.M.'s Board of Administrators analysis and recommendations on measures to be taken to improve the financial reporting process of the I.M. or of the managed entities, if applicable;
- verifies compliance with rules relating to compliance with business ethics;
- participates in the selection of financial auditors of the I.M. and of the entities managed by the I.M.;
- monitors compliance systems, internal audit and risk management within the entity and presents on an annual basis to the I.M.'s Board of Administrators a report on the effectiveness of such systems;

- proposes measures and makes recommendations to the I.M.'s Board of Administrators if it finds that the compliance systems have operated with weaknesses;
- ensures that analyzes and reports prepared by internal auditors of the I.M. or of the entities managed by the I.M. comply with the audit plan approved by the I.M.'s Board of Administrators

The Audit Committee meets at least quarterly. The Audit Committee meets to consider the report of the audit and/or the compliance or external auditor's opinion on the essential aspects resulting from the audit of the annual financial statements/half-yearly reports and on the financial reporting process and recommends suitable measures to be taken. The deliberations of the meetings of the Audit Committee are recorded in a register and are presented to the Board of Administrators.

Every semester, the Audit Committee presents to the Board of Administrators a report which will include a summary of the activity performed and recommendations on the areas within the scope of its powers, namely the financial reporting, compliance and risk management. The Audit Committee's report includes reference to key aspects that result from periodic reporting process conducted in accordance with FSA regulations.

Compliance department

Compliance department supervises compliance of SAI Muntenia Invest SA / SIF Muntenia and their staff with the legislation concerning the capital market as well as with regulations and internal procedures.

The employee who acts as the representative of the compliance department (RCD) is subject to FSA authorization, and is registered in FSA's public register under Regulation no. 4/2009. In performing his duties, the compliance department representative reports directly to the Board of Administrators of SIF Muntenia.

CHAPTER 5 CONFLICT OF INTERESTS AND TRANSACTIONS WITH FINANCIAL INSTRUMENTS BY RELEVANT PERSONS

Rules and internal procedures of SIF Muntenia SA's Administrator contain a separate chapter which contains the rules of professional ethics to be observed by own employees so that decisions taken by administrators/effective management, namely the implementation of these decisions to be made observing first the interests of SIF Muntenia SA's shareholders.

The appearance of a conflict of interest among administrators, they inform the Board of Administrators and abstain from debates and vote on such matters in accordance with the legal provisions; These statements are recorded in the minutes of the meeting of the Board.

When relevant persons and the I.M. make personal transactions there are considered the prohibitions laid down in Policies and procedures on conflicts of interest. For all personal transactions made by relevant persons and the I.M. regardless of the financial instrument, all relevant persons send to the I.M. a report containing information about those transactions. These transactions will be recorded in the I.M.'s register of personal transactions, together with any authorization or prohibition, communicated to the I.M. by third parties in connection with such transactions.

The obligation to notify the transactions carried out by relevant persons is both personal and the intermediates', and the information is disseminated through the BSE websites.

It is forbidden to use inside information relating to the investment policy of SIF Munténia, by members of the Board of Administrators, effective management of the company and any person that SAI Munténia Invest SA / SIF Munténia has entered into an employment contract/mandate/provision of services, when they made transactions with financial instruments in their own portfolio.

It is prohibited to disseminate information on the transactions that SIF Munténia plans to perform with the financial instruments in its portfolio by board members, managers of the company and any person with whom SAI Munténia Invest SA / SIF Munténia has concluded a labour contract / mandate / provision of services.

The Company complies with institutional obligations related to reporting and information, according to the methods specified by NSC/FSA and BSE regulations, including by posting on the website and press releases.

CHAPTER 6 CORPORAT EINFORMATION REGIME

SAI Munténia Invest SA, through its Board of Administrators, holds an effective communication and information transmission system, which prevents disclosure of confidential information. The department in charge with responsibilities in this area prepares press releases/current reports/periodic reports that are made available under specific legislation applicable to SIF Munténia, within the provided deadline for reporting information.

CHAPTER 7 SOCIAL RESPONSABILITY

SIF Munténia continuously develops activities related to social responsibility, each year supporting directly or through foundations/specialized associations the disadvantaged categories in the community where it operates. The company also contributes to supporting scientific, cultural, sports, health, educational, environmental actions, events of national or regional interest.

Dated 07.12.2016.

SIF MUNTENIA SA
Through its Administrator
SAI MUNTENIA INVEST SA

President of the Board of Administrators
FLORICA TRANDAFIR