

PROPOSAL

SIF MUNTEANIA SA
Shareholders General Ordinary Meeting
of 23/24 April 2020

ITEM 8 OF THE AGENDA

Extension of the mandate of the financial auditor KPMG Audit SRL for a period of 2 years starting with 1 May 2020 (for the financial years 2020 and 2021). (secret vote)

According to the provisions of the Companies Law no. 31/1990, the Shareholders General Ordinary Meeting is the body entitled to appoint the financial auditor and establish the minimum duration of the financial audit contract.

By Resolution no.2 of the Shareholders General Meeting of 31 August 2017, it was approved the appointment (extension of the mandate) of KPMG AUDIT SRL as financial auditor for a period of 3 years, starting with the 2017 financial year, until 31 August 2020. The letter of commitment dated 9 November 2017, together with additional documents, ensures the financial audit for the 2017, 2018 and 2019 financial years.

The extension of the contract with the financial auditor as approved by the shareholders at the meeting of 31.08.2017 was based on the proposal of the Audit Committee taken following the organization of an auction according to the EU Regulation no. 537/2014 (Law no. 162/2017 was not yet in force).

According to art. 1 para. 2, lett. d) of the FSA Rule no. 13/2019, as amended by the FSA Rule no. 27/2019, SIF Muntenia SA has been subject to its provisions since 21 May 2019.

Although SIF Muntenia SA is subject to the provisions of the FSA Rule no. 13/2019 starting with 21 May 2019, and its administrator appreciated that the maximum period of 5 years is to be calculated starting with the audit of the 2019 financial year, the Financial Supervisory Authority stated by the letter no. VPI 2437 / 19.03.2020 that the reference date in the calculation mode is 1 January 2015. Given that the auditor KPMG AUDIT SRL has provided financial audit services for SIF Muntenia SA since 2015, the maximum period of 5 consecutive years is fulfilled with the 2019 financial year, consequently, it can be extended by 2 years, respectively for the 2020 and 2021 financial years, with the approval of the Financial Supervisory Authority.

Taking into account the prestige and professionalism of KPMG Audit SRL as well as the way in which the contractual relationship has proceeded so far and taking into account that SIF Muntenia SA has an ongoing contract for financial audit with this company, which expires on 31.08.2020 , the Board of Directors of SAI Muntenia Invest approved the recommendation of the Audit Committee to extend the contract for the financial audit of SIF Muntenia SA with the company KPMG Audit SRL.

Brief presentation of the applicable legal framework

Law no. 162/2017

Art. 71

Application of the provisions of Regulation (EU) no. 537/2014

(1) Financial auditors and audit firms may provide the services referred to under art. 5 paragraph (1) paragraph 2 lett. a) points (i) and points (iv) - (vii) and at letter f) of Regulation (EU) no. 537/2014, in compliance with the requirements provided under art. 5 paragraph (3) of Regulation (EU) no. 537/2014.

(2) According to the provisions of art. 17 paragraph (4) of Regulation (EU) no. 537/2014, the maximum duration mentioned under art. 17 paragraph (1) paragraph 2 of Regulation (EU) no. 537/2014 may be extended up to a maximum period of 20 years, if a public award procedure for the statutory audit is carried out in accordance with art. 16 paragraph (2) - (5) of Regulation (EU) no. 537/2014 and produces effects after the expiry of the maximum duration mentioned under art. 17 paragraph (1) paragraph 2.

(3) In applying the provisions of art. 20 paragraph (1) lett. c) of Regulation (EU) no. 537/2014, ASPAAS (Authority for the Public Interest Oversight of the Statutory Audit Activity) is the competent authority responsible for fulfilling the duties provided by Regulation (EU) no. 537/2014 and with the verification of the implementation of its provisions.

(4) In applying para. (3), the procedure for the designation by ASPAAS of the financial auditors is supplemented with the provisions in the matter included in the specific legislation issued by the regulatory authorities.

1. FSA Rule no. 13/2019

Art. 21. –

The financial auditors and the audit firms that perform statutory audit at the entities provided under art. 1 paragraph (2) have the obligation to ensure that the following provisions, including those relating to the key partners and their actuaries, are observed, as appropriate:

a) the auditing period of an entity by the same financial auditor or audit firm is for a maximum of 5 consecutive years, a period that can be extended only once by the FSA for a period of maximum 2 years based on a substantiated note of the audited entity, transmitted to the FSA no later than 6 months before the expiry of the maximum auditing period;

a¹) after the period of 5 consecutive years or maximum 7 years of audit of an entity by the same financial auditor or audit firm, a new audit contract with the same entity can be concluded only after a minimum period of 2 years has elapsed since the last statutory audit;

Taking into account all presented above and the request of the Financial Supervisory Authority, the administrator of SAI Muntenia Invest SA proposes to adopt the following Resolution:

"The extension of the mandate of the financial auditor KPMG Audit SRL is approved for a period of 2 years starting with 1 May 2020 (for the 2020, 2021 financial years)."

SIF MUNTEANIA

By its administrator

SAI MUNTEANIA INVEST SA

**General Director,
Nicușor Marian Buică**