

“APPLY OR EXPLAIN” DECLARATION

Principle/ Recommendation		Question	YES	NO	If NO, then EXPLAIN
P19		Is the issuer administered under a two-tier system?		x	VRANCART SA Adjud is administered under a one-tier system, according to the articles of incorporation, which is a system specific to the trade companies in Romania.
P1	R1	Has the issuer prepared a Corporate Governance Statute/ Regulation that describes the main corporate governance aspects?	x		
		Is the Corporate Governance Statute/ Regulation posted on the company’s website, stating the date of its last update?	x		
	R2	Are the corporate governance structures, the functions, competences and responsibilities of the Management Board (MB) and of the executive management defined in the Corporate Governance Statute/ Regulation?	x		
	R3	Does the Annual Report of the issuer provide a chapter dedicated to corporate governance, describing all the relevant events related to corporate governance, registered during the previous financial year?	x		
		Does the issuer disseminate information on the following aspects related to its corporate governance policy on the company’s website:	x		
		a) the description of its corporate governance structures?	x		
		b) the updated articles of incorporation?	x		
		c) the internal operation regulation/ critical aspects thereof for each specialized commission/ committee?	x		
d) the “Apply or Explain” declaration?		x			
e) the list of the Management Board members, indicating the independent and/ or non-executive members, the executive management members and the members of the specialized committees/ commissions?	x				
f) a short version of the CV for each member of the Management Board and of the executive management?	x				
P2		Does the issuer respect the rights of the holders of the financial instruments issued by him, providing their equal treatment and	x		

		submitting for approval any modification of the rights granted, within the special meetings of those holders?			
P3	R4	Does the issuer post in a dedicated section of its own website details on the General Meeting of the Shareholders (GMS):	x		
		a) the notice to attend the General Meeting of the Shareholders?			
		b) the materials/ documents related to the agenda as well as any other information related to the subjects on the agenda?	x		
		c) the special proxy forms?	x		
	R6	Has the issuer prepared and proposed to the General Meeting of the Shareholders procedures for the orderly and effective performance of the activities of the General Meeting of the Shareholders, still without prejudice to any shareholder's right to freely express its opinion on the issues under debate?	x		
	R8	Does the issuer disseminate in a dedicated section on its own website the shareholders' rights as well as the rules and procedures for attendance in the General Meeting of the Shareholders?	x		
		Does the issuer provide the timely information (immediately after the General Meeting of the Shareholders takes place) of all the shareholders by means of the dedicated section of its own website:	x		
		a) on the decisions made within the General Meeting of the Shareholders?			
		b) on the detailed result of the vote?	x		
		Do the issuers disseminate through a special section on its own webpage, easily identifiable and accessible:	x		
	a) current report/ communications?				
		b) the schedule of the financial events, annual, half-yearly and quarterly reports?	x		
	R9	Is there a specialized department/ person within the company dedicated to the relationship with the investors?	x		
P4, P5	R10	Does the Management Board gather at least on a quarterly basis in order to monitor the performance of the issuer's activity?	x		
P4, P5	R12	Does the issuer hold a set of rules regarding the behaviour and the obligations to report on the transactions with the shares or other financial instruments issued by the company ("the company's securities") performed on their own by the managers and other natural persons involved?	x		
		If a member of the Management Board or of the executive management or another person involved performs on its own a	x		

		transaction with the company's securities, is the transaction disseminated by means of its own website, according to the corresponding Rules?			
P6		Does the structure of the Issuer's Management Board provide a balance between the executive and non-executive members (and in particular the independent non-executive managers) so that no person or limited group of persons can dominate, in general, the decision-making process of the Management Board?	x		
P7		Does the structure of the Issuer's Management Board provide sufficient number of independent members?	x		
P8	R15	In its activity, does the Management Board have the support of some consultative committees/ commissions for the examination of specific topics, chosen by the Management Board and to advise it on these topics?		x	As the Management Board did not deem this necessary, it was not the case to resort to the assistance of such committees/ commissions.
		Do the consultative committees/ commissions submit activity reports to the Management Board on the topics assigned by the latter?		x	As the current structure of the Management Board is formed of 5 members, it was not necessary to create such committees/ commissions.
	R16	In order to assess the independence of its non-executive members, does the Management Board use the assessment criteria listed in the 16 th Recommendation?	x		
	R17	Do the members of the Management Board continuously improve their knowledge through training in the field of corporate governance?	x		
P9		Is the election of the Management Board members based on a transparent procedure (objective criteria on the personal/ professional qualification, etc.)?	x		
P10		Is there an Appointment Committee within the company?		x	Due to the current structure of the Management Board, which is formed of 5 members, it was not deemed necessary to establish such a committee
P11	R21	Does the Management Board analyze at least on a yearly basis the need to establish a Remuneration committee/ a remuneration policy for the managers and the members of the executive management?		x	Due to the current structure of the Management Board, which is formed of 5 members, it was not deemed necessary to establish such a committee.
		Is the remuneration policy approved by the Management Board?	x		

	R22	Is there a Remuneration Committee formed exclusively of non-executive managers?		x	Due to the current structure of the Management Board, which is formed of 5 members, it was not deemed necessary to establish such a committee.
	R24	Is the company's remuneration policy presented in the Corporate Governance Regulation/ Policy?		x	The remuneration policy is approved by the General Meeting of the Shareholders
P12, P13	R25	Does the Issuer disseminate in English the information representing the subject of the reporting requirements:	x		
		a) regular notifications (the regular provision of information)?			
		b) continuous notifications (the continuous provision of information)?	x		
		Does the Issuer prepare and disseminate the financial reporting in accordance with the IFRS?	x		
	R26	Does the Issuer promote, at least on a yearly basis, meetings with financial analysts, brokers, rating agencies and other market specialists, in order to present the financial elements relevant for the investment decision?		x	The company does not promote, at least on a yearly basis, meetings with financial analysts, brokers, rating agencies and other market specialists, in order to present the financial elements relevant for the investment decision, as the stock exchange activity is reduced due to the free-float which is too low.
	R27	Is there an Audit Committee within the company?	x		
R28	Does the Management Board or the Audit Committee, as applicable, examine regularly the effectiveness of the financial reporting, of the internal control and of the risk management system adopted by the company?	x			
R29	Is the Audit Committee exclusively formed of non-executive managers and does it have a sufficient number of independent managers?	x			
R30	Does the Audit Committee gather at least twice a year and are these meetings dedicated for the preparation and dissemination to the shareholders and to the public of the half-yearly and annual results?	x			
R32	Does the Audit Committee make recommendations to the Management Board on the selection, appointment, re-appointment and replacement of the financial auditor, as well as on the terms and conditions for its remuneration?	x			
P14		Has the Management Board adopted a procedure for the identification and adequate resolution of conflict of interests situations?	x		

P15	R33	Do the managers inform the Management Board on the conflicts of interests as they occur and do they refrain from the debates and vote on those issues, in accordance with the relevant legal provisions?	X		
P16	R34/R35	Has the Management Board adopted specific procedures in order to guarantee the procedural correctness (criteria for the identification of the transactions with significant impact, criteria related to transparency, objectivity, non-competition, etc.) in order to identify the transactions with the parties involved?	x		
P17	R36	Has the Management Board adopted a procedure on the internal circuit and the disclosure to third parties of the documents and information related to the issuer, giving particular importance to the information that might influence the evolution of the market price of the securities issued by it?	x		
P18	R37/R38	Does the Issuer carry out any activities related to the company's Environmental Social Responsibility?	x		

MANAGEMENT BOARD PRESIDENT
Ec. Ciucioi Ionel-Marian

