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Manual for Reporting Corporate Governance

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Acronyms

Acronym	Full name
BSE	Bucharest Stock Exchange
CG	Corporate Governance
The Code	BSE Corporate Governance Code
FSA	Financial Supervisory Authority
GSM	General meeting of shareholders
IA	Internal Audit
IR	Investor Relations
Manual	Manual for Reporting Corporate Governance
NED	Non-executive director
RON	Romanian Leu
ToR	Terms of reference

Introduction

Good disclosure about corporate governance practices gives investors the information necessary to gain and develop their trust. The Bucharest Stock Exchange believes that companies' shareholders are entitled to this information. In addition, investors who are confident about the way a company is directed and controlled, i.e. its governance practices, are more likely to remain or become shareholders.

This Manual for Reporting Corporate Governance ("the Manual") aims to help companies disclose corporate governance information and explain deviations from the BSE Code of Corporate Governance (the "Code")¹. The Manual only focuses on disclosures and should therefore be read in conjunction with the Code and the Compendium of corporate governance practices, a document published by the BSE which explains the principles and provisions developed in the Code and informs companies about international best practices in each area.

There are three different corporate governance disclosure media that form the basis for monitoring and enforcing the Code and that will be overseen by the BSE and the Financial Supervisory Authority (FSA), namely:

- ▶ **A corporate governance statement in the annual report.** The governance statement usually includes the following elements:

Table 1 Elements of a corporate governance statement

Code Compliance statement	Presents how the company complies with the provisions of the Code and adequately explains its deviations ²
Board composition	This should include the Board and executive officers' name and background, date of first election, term of mandate, status (executive/non-executive, independent)
Board and Board committees' responsibilities and activities	Narrative reports from the Chairman of the Board and chairmen of committees on their activities during the year under review and how the responsibilities set in the internal regulations were discharged ³
Remuneration report	Presents the implementation of the remuneration policy of the company's executive officers and Board members

¹ The Manual, developed for the Bucharest Stock Exchange by Nestor Advisors, Nestor Nestor Diculescu Kingston Petersen and Concept SRL, is designed to provide guidance about the BVB Corporate Governance Code and its implementation. It is not meant to provide legal advice on the Code and its compliance.

² According to the Order of the Ministry of Public Finance no. 1286 of 1 October 2012 for the approval of the accounting regulations conformed with the international financial reporting standards, applicable to companies whose securities are admitted to trading on a regulated market, as amended ("Order 1286/2012"), the corporate governance statement in the annual report shall include: (i) a note to the CG Code the Company applies and an indication on the provisions that are publicly available; (ii) a note on all relevant information regarding the corporate governance practices that are applied in addition to the legal requirements (the company shall also make publicly available its corporate governance practices); (iii) if the company departs from provisions of the CG Code, an explanation of the deviation and the reasons for the deviation.

³ According to Order 1286/2012, the corporate governance statement in the annual report shall include: (i) the structure and operation method of the management, administration and surveillance bodies and of their committees; (ii) the rules governing the appointment and replacement of board members and the amendment of the articles of association; (iii) the powers of board members, and in particular the power to issue or buy back shares

Risk and internal controls	Description of the main characteristics of the risk management and internal control systems ⁴ , including the internal audit function, and the review of their effectiveness
Shareholders	Organisation and main attributions of the general meeting of shareholders; identification of significant shareholders; description of the shareholders rights and information on any restrictions on voting rights ⁵

- ▶ The **investor relation pages of the website**. It includes up-to-date information on governance and provides access to the documents regulating the governance of the company (e.g. articles of association, terms of reference of the Board and Board committees);
- ▶ **Current reports to the BSE** that inform market participants of compliance changes with the Code since the publication of the last corporate governance statement and market governance information (e.g. change in Board chairman).⁶

Governance information is reported periodically through the corporate governance report in the annual report and continuously maintained up-to-date through current reports and the website. Each media is covered by a dedicated part of this Manual.

While this Manual is intended for companies whose shares are listed on the BSE regulated market, other entities preparing a corporate governance report might also benefit from using it to enhance the quality of information they plan to disclose.

The Manual is structured in three parts. Following the introduction, Part I describes the content of the Code compliance statement, what constitutes good explanations and proceeds to identify required disclosures that are relevant to each provision of the Code as well as the medium of such disclosure (Annual Report, Investor Relations pages and current report). Part II, contains guidance on the structuring and content of governance-related pages of corporate websites while Part III contains guidance on the content and filing of current reports.

In addition to specific guidance on disclosure, inspirational disclosure examples are also presented. These examples feature good practices from several European countries, but do not include any Romanian companies⁷. They are only illustrative examples and may not be transposable as such in the Romanian context.

⁴ As per Order 1286/2012;

⁵ According to Order 1286/2012, the corporate governance statement in the annual report shall include: (v) the manner of organization of the GMS and the main attributions thereof, as well as a description of the shareholders rights and of the manner such can be exercised; (vi) information on the significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of the capital markets legislation; (vii) information on the holders of any securities with special control rights and a description of those rights; (viii) information on any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities, (xi) the manner in which the company applied the recommendation of the CG Code with respect to aspects of maximum importance for the shareholders.

⁶ According to the BSE Rulebook, current reports are required to be sent only in case of non-compliance with the BSE CG Code.

⁷ Except for the Exhibit 11 on current reports.

I. Annual report - corporate governance statement

Companies whose shares are listed on the BSE regulated market are required⁸ to have a separate corporate governance statement in their annual report. The corporate governance statement actually represents a designated governance chapter of the annual report and shall include a section on compliance with the Code provisions.

The first part of this chapter introduces the Code compliance statement. It also presents what constitutes a good explanation, to be given in case of non-compliance.

The second part of this chapter covers the other elements of a corporate governance statement and presents a checklist of disclosures related to the Code. The usual constituents include:

- ▶ information on the board and committees composition, responsibilities and activities (essentially covered by Section A of the Code);
- ▶ information on risk and internal controls (covered by Section B of the Code);
- ▶ information on remuneration (covered by Section C of the Code);
- ▶ information on shareholders (covered by Section D of the Code).

Code compliance statement

Companies shall prepare a corporate governance statement, as a specific section within the annual report, which shall contain a self-assessment of how the "provisions to comply with" are observed. With regards to provisions that are not fully met, the statement shall explain why and include any measures that may have been taken in order to comply.

BSE Corporate Governance Code, p. 2

The corporate governance statement should contain a dedicated section, the Code compliance statement, which presents how the company complies with the provisions of the Code and adequately explains its deviations.

Explaining deviations from a code is the only way to preserve flexibility while ensuring the spirit of the Code is respected. Therefore, the quality of explanations is crucial. An explanation is considered adequate⁹ if:

- ▶ It states clearly which Code provision it refers to;
- ▶ It briefly sets the context and historical background for the exception;

⁸ As per Order 1286/2012.

⁹ Based on the Communication from the Commission to the European Parliament, Action Plan: European company law and corporate governance, COM(2012) 740/2 and the FSA (now FCA)'s Listing Rules (LR9.8.6) and on the provisions of the Order 1286/2012.

- ▶ It provides a specific, convincing and understandable rationale for the action taken, as opposed to a “circular” explanation — “we do not do it because we do not do it”, or “because we are not obliged to”;
- ▶ It describes mitigating actions to address any additional risk and to maintain conformity with the relevant Code principle; and
- ▶ It indicates whether the deviation from the Code’s provisions is limited in time and when the company intends to return to conformity with the Code’s provisions.

Compliance and non-compliance with the Code’s provisions is easily presented in a table such as Table 2, presenting all the provisions of the Code and giving the reasons for non-compliance for provisions the company does not comply with or only partially complies with.

Table 2 Code compliance table

Code provisions	Complies	Does not comply or partially complies	Reason for non-compliance
A.1	x		
...			
D.10		x	Explanation for non-compliance

A full table, with all the provisions is provided in Appendix 3.

Exhibit 1 presents examples of bad and good explanations.

Exhibit 1: Explanations – bad and good practice examples

Bad practice

Example for a case where the company does not comply with the Provision A.1, on internal regulations and responsibilities for Board and key management functions.

“The company is managed by a Board in accordance with the legal provisions.”

Good practice

Example for a case where the company does not comply with the Code General Principles of Section A on internal regulations and clear division of responsibilities.

“We have not complied with the Code General Principles of Section A, which state that there should be a clear division of responsibilities between the Board and executive management. In April 2014, [M. XXX] resigned as Chief Executive and Executive Director with immediate effect. The Board agreed that, in these exceptional circumstances and given my [Chairman] industry experience and background, it was in the best interests of shareholders for me to step into the role of Executive Chairman on an interim basis until a permanent Chief Executive could be appointed. It was additionally agreed that, in accordance with best governance practice, I [the chairman] should step down as Chair of the Nominations Committee for the duration of my tenure as interim Executive Chairman (...).”

Disclosures related to individual Code provisions

The following part identifies the disclosures that correspond to individual Code provisions. These disclosures should help the market and the BSE ascertain the level of compliance with these provisions.

For each provision, it also identifies where companies would typically disclose the information in the annual report and website (some information – e.g. Board composition – can be found in both media for disclosure). Current reports are not mentioned as they depend on compliance changes in all areas of disclosure covered in the corporate governance statement, by definition (see III. Current reports to the BSE).

The four parts of this section reflect the structure of the Code: section A Responsibilities [of the Board], section B Risk management and internal control system, section C Fair rewards and motivation, and section D Building value through investors' relation.

In the tables below, disclosures that are not explicitly but indirectly mandated by the Code have been marked in italics.

Section A Responsibilities [of the Board]

Code provision	Information to disclose	Where?
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.	<i>Whether the Board and committees are regulated by terms of reference (ToR)</i> The ToR of the Board should apply the General Principles of Section A	<i>Annual report (Board and Board committees' responsibilities and activities)</i> <i>Website (CG page – Board ToR)</i>

More information on the Board and committees' terms of reference can be found in the Compendium of corporate governance practices.

	Code provision	Information to disclose	Where?
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.	The Board terms of reference should include provisions on the management of conflict of interest stating that members of the Board should notify any conflicts of interest which have arisen or may arise, to the Board and should refrain from taking part in the discussion (including from 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 a conflict of interest	Website (CG page - Board ToR)
A.3	The Board of Directors or the Supervisory Board should have at least five members.	<i>Board size</i>	<i>Annual report (Board composition)</i>
A.4	The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, 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 ¹⁰ .	Board composition: Board members' name, date of first election, term of mandate, status (executive/non-executive, independent), biography Board members' name, status (executive/non-executive, independent), biography	<i>Annual report (Board composition)</i> <i>Website (CG page - Board)</i>
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.	Each Board member's other executive and non-executive Board positions in companies and non-profit institutions	<i>Annual report (Board composition)</i>

The information requested in provisions A.4 and A.5 is usually presented in a table format as below in Table 3 or in Exhibit 2.

Table 3 Biography of Board members

Name of Director 1

¹⁰ See the Code, provisions A.4.1 to A.4.9. for a list of the criteria defining independence. The Compendium of corporate governance practices includes extensive explanation on the concept of independent director.

- Position and whether NED¹¹ or executive director
- Whether independent or not
- Date of first appointment and current end of mandate
- Committee membership
- Background and relevant skills
- List of other professional commitments, including all non-executive engagements in companies and non-profit institutions.

Exhibit 2: Practice example: Board member’s CV

	Principal positions held outside the Company – Other offices	Positions or offices expired during the last five years
<p>Louis Schweitzer 71 years old</p> <p>Date of first appointment: April 30, 2003</p> <p>Reappointed: May 17, 2011</p> <p>Term of office expires: 2015 GM</p> <p>Principal position held within the Company: Independent Director of Veolia Environnement*; Vice-Chairman of the Board of Directors; Senior Independent Director; Member of the Nominations and Compensation Committee since April 30, 2003 and chairman of this committee since March 11, 2014*.</p>	<p>Principal position held outside the Company:</p> <ul style="list-style-type: none"> • Chairman of Initiative France. <p>Other offices and positions held with any company:</p> <p>In France:</p> <ul style="list-style-type: none"> • Director of L’Oréal*; • Member of the Board of Musée du Quai Branly; • Member of the Board of the National Political Science Foundation; • Chairman of the Board of Directors of Société des Amis du Musée du Quai Branly; • Chairman of the Board of Directors of Festival d’Avignon; • Chairman of the Board of Directors of Maison de la Culture MC 93. <p>Outside France:</p> <ul style="list-style-type: none"> • Member of the Advisory Board of Allianz* (Germany); • Member of the Advisory Board of Bosch (Germany). 	<p>In France:</p> <ul style="list-style-type: none"> • Chairman of the Board of Directors of Renault*; • Director of Électricité de France (EDF)*; • Member of the Board of Directors of the Musée du Louvre; • Chairman of the National Authority against Discrimination and for Equality (“HALDE”); • Chairman of the Supervisory Board of the “Le Monde” Group; • Member of the Advisory Board of the Banque de France; • Director of BNP Paribas*. <p>Outside France:</p> <ul style="list-style-type: none"> • Chairman of the Board of Directors of AstraZeneca* (United Kingdom); • Chairman of the Board of Directors of AB Volvo* (Sweden).

Source: Veolia 2013 Registration Document, p 165

	Code provision	Information to disclose	Where?
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.	Provision in the terms of reference of the Board that directors should submit information on any relationship with a shareholder who holds directly or indirectly shares representing more than 5% of all voting rights	Website (CG page - Board ToR)

¹¹ NED stands for Non-Executive Director

A.7	The company should appoint a Board secretary responsible for supporting the work of the Board.	<i>The name of the Board secretary</i>	<i>Annual report (Board and Board committees' responsibilities and activities)</i>
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.	Whether an evaluation of the Board has been conducted and a brief description of the outcome and actions planned as a result of the Board evaluation The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	Annual report (Board and Board committees' responsibilities and activities)

Exhibit 3 provides an example of reporting on Board evaluation. Further guidance on Board evaluation is provided in the Compendium of corporate governance practices.

Exhibit 3: Best practice example: Board evaluation

“Board Review 2014

The Board of Directors launched, for the ninth straight year, a self-assessment programme ("Board Review") for the Board of Directors and its Committees, for the 2014 financial year. [...]

The Directors recognized that, since the Board is made up almost entirely of first-time Eni Directors, it faces significant challenges given the complexity of the business. To address this, the Chairman of the Board of Directors organized an informal meeting for the Directors on March 12, 2015 to further explore the Board Review results and consider the possible solutions for facilitating the work of the Directors and optimizing the dynamics of the Board and of the Committees based upon their experience over the first 10 months of working together.

In May 2015, finally, the Board of Directors carried out the "Peer Review".”

Source: http://www.eni.com/en_IT/governance/Board-of-directors/self-assessment-process/self-assessment-process.shtml

	Code provision	Information to disclose	Where?
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.	Number of Board meetings and Board committee meetings, attendance and summary of their activities	Annual report (Board and Board committees' responsibilities and activities)

Table 4 presents an example of how the committees’ number of meetings and attendance can be presented as per provision A.9. Exhibit 4 also illustrates how the committees’ role, number of meeting and attendance can be disclosed.

Provision A.9 also triggers disclosure by companies of their Board and committees’ activities. An example of a report on the activities of a committee is given in Exhibit 5 and Appendix 1 provides templates for such reporting.

Table 4 Number of meetings and attendance

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of meetings	[insert number]	[insert number]	[insert number]	[insert number]
Director 1	[insert number]			[insert number]
Director 2	[insert number]		[insert number]	[insert number]
Director 3	[insert number]			
Director 4	[insert number]			
Director 5	[insert number]		[insert number]	
...	[insert number]	[insert number]		

Exhibit 4: Best practice example: Audit Committee role, number of meetings and attendance

Audit Committee

Role of the Committee

The Committee’s key function is to support the Board in fulfilling its responsibilities in reviewing the effectiveness of the Company’s financial reporting, internal controls and risk management. As part of this role, the Committee provides advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company’s performance, business model and strategy.

Membership and attendance during the year:

	Number of meetings	Meetings attended
Margherita Della Valle (Chairman)	4	4
Mary Francis [§]	4	4
Lesley Knox	4	4
Mike Linn	4	3
Ian Meakins	4	4
Paul Rayner [§]	4	4

§) Mary Francis and Paul Rayner stepped down from the Committee on 31 December 2014.

Margherita Della Valle, as Group financial controller of Vodafone Group plc, is considered by the Board to have recent and relevant financial experience as required by the Code. In addition, Paul Rayner who served on the Committee during the year was considered by the Board to have recent and relevant financial experience having held several senior financial positions. Carlos Pascual was appointed to the Committee on 1 January 2015 and Steve Pusey will join the Committee on 1 April 2015. Each member of the Committee is an independent Non-Executive Director who has a wide range of relevant business experience. Further details regarding the Directors’ skills and experience can be found in their biographies on page 47. The Board is satisfied that the Committee has the resources and expertise to fulfil its responsibilities.

Meetings of the Committee are attended by the Chairman of the Board, Chief Executive, Chief Financial Officer, General Counsel & Company Secretary and the Head of Internal Audit, none of whom do so as of right. Other senior executives will attend as required to provide information on matters being discussed which fall into their area of responsibility. The external auditors, PricewaterhouseCoopers (PwC), also attend each meeting. The Committee meets individually with the external auditors and the Internal Audit Chief Operating Officer at each meeting without Executives present.

The Committee members participated in two training sessions during the year: one in July 2014 focusing on Ofgem’s Standards of Conduct and one in November 2014 in respect of the Market Risk Management of LNG and other long-term contracts.

Responsibilities of the Audit Committee:

- to support the Board in fulfilling its responsibilities in effective governance of the Company’s financial reporting, internal controls and risk management;
- to provide advice to the Board on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides all the necessary information for shareholders to assess the Company’s performance, business model and strategy;
- monitoring and reviewing the operation and effectiveness of the Group’s internal audit function, including its strategic focus, activities, plans and resources;
- the appointment and removal of the Head of Internal Audit;
- managing the relationship with the Group’s external auditors on behalf of the Board including the policy on the award of non-audit services;
- conduct a tender for the external audit contract at least every 10 years and make appointment recommendations to the Board;
- consider and review legal and regulatory compliance issues; and
- to establish and oversee whistleblowing and fraud prevention arrangements within the Group.

Source: Centrica 2014 Annual Report p 53

Code provision	Information to disclose	Where?
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.	Number of the independent members on the Board	Annual report (Board composition)
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.	Nomination Committee composition and its percentage of independent members	Annual report (Board composition) Website (CG page – Board)

	<i>The terms of reference of the Nomination Committee should include a provision that the Nomination Committee should be composed of non-executives and will lead the process for Board appointments and make recommendations to the Board</i>	Website (CG page – Board ToR)
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Finally, one of the primary responsibilities of the Board is to ensure the continuity and effectiveness of the executive team. Institutional investors, including some active on the BSE regulated market, expect companies to have a succession plan in place. Disclosing the existence (not the content) of such plan is a best practice that companies should consider, even if not directly mentioned in the Code.

Section B Risk management and internal control system

	Code provision	Information to disclose	Where?
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.	<i>Composition of the Audit Committee, identifying the independent directors and those with auditing or accounting experience</i>	Annual report (Board composition) Website (CG page)
B.2	The Audit Committee should be chaired by an independent non-executive member.	<i>Name of the Audit Committee chairperson</i>	Annual report (Board composition) Website (CG page)
B.3	Among its responsibilities, the Audit Committee should undertake an annual assessment of the system of internal control.	The terms of reference of the Audit Committee should state that the Audit Committee should undertake an annual assessment of the system of internal control Whether the Audit Committee assessed the system of internal control, considering 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, and management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submit relevant reports to the Board	Website (CG page – Audit Committee ToR) Annual report (Board and Board committees' responsibilities and activities - Audit Committee)

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 and their submission of relevant reports to the Board.	The terms of reference of the Audit Committee should state that the Audit Committee should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the Audit Committee, and management’s responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submit relevant reports to the Board.	<p><i>Website (CG page – Audit Committee ToR)</i></p> <p>Annual report (Board and Board committees’ responsibilities and activities – Audit Committee)</p>
B.5	The Audit Committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	<p>Terms of reference of the Committee have a provision specifying that the Audit Committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties</p> <p><i>Information on the number and value of related-party transactions</i></p>	<p>Website (CG page – related-party transaction policy and Audit Committee ToR)</p> <p>Annual report (Notes to the financial statements)</p>
B.6	The Audit Committee should evaluate the efficiency of the internal control system and risk management system.	See above B.3	<p>Annual report (Board and Board committees’ activities – Audit Committee)</p> <p>Website (CG page – Audit Committee ToR)</p>
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.	The terms of reference of the Audit Committee include provisions on Audit Committee monitoring the standards of internal auditing and receiving and evaluating the reports of the internal audit team	Website (CG page – Audit Committee ToR)
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.	<p><i>The terms of reference of the Audit Committee include a provision on reporting to the Board on its activities.</i></p> <p><i>Information about the main themes the Audit Committee reported to the Board</i></p>	<p>Website (CG page – Audit Committee ToR)</p> <p>Annual report (Board and Board committees’ responsibilities and activities – Audit Committee)</p>

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.	The related-party transaction policy should include a provision specifying no shareholder may be given undue preference over shareholders with regard to transactions and agreements made by the company with shareholders and their related parties	Website (CG page – related-party transaction policy)
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.	Board terms of reference include a provision ensuring that transactions as per B.10 are: - covered by a policy adopted by the Board (a <i>related-party transactions policy</i>), - approved by the Board following an opinion of the Board’s Audit Committee - fairly disclosed to the shareholders and potential investors	Website (CG page – <i>Related-party transactions policy, Board terms of reference</i>)
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.	<i>The terms of reference of the Audit Committee specify 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</i>	Website (CG page – <i>Audit Committee ToR</i>)
		<i>Narrative report of Audit Committee Chairman (on review of Internal Audit’s reports and reporting of named Head of Internal Audit)</i>	<i>Annual report (Risk and internal controls)</i>
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.	<i>Reporting lines of the Head of Internal Audit</i>	<i>Annual report (Risk and Internal controls)</i>

The information to disclose in Provisions B.3-B-8 and B.12 refers to activities of the Audit Committee. Provision A.9 provides that these should be disclosed as part of the Corporate Governance Statement in the annual report. A disclosure example is given in Exhibit 5 below, highlighting the activities relating to the Code’s provisions.

Exhibit 5: Good practice example: disclosure of Audit Committee’s activities

“In 2013, the Committee’s work focused primarily on the following matters

- the Group’s financial position;
- review of the Group’s annual and semi-annual consolidated financial statements. (...);
- review of the financial indicators not defined by IFRS and used externally for publication of the annual and semi-annual consolidated financial statements, particularly the definition of the new indicator, free cash-flow, excluding exceptional items;
- (...)
- review of the changes to the Group’s consolidation scope;
- review of the main terms and conditions and the accounting treatment of (i) the acquisition of Centrale Laitière (Morocco) and (ii) other significant transactions that triggered a change of scope during the fiscal year;
- examination of the repurchase of minority shareholdings in Danone Spain;
- review of put options granted to certain minority shareholders in the Group’s subsidiaries, notably the minority shareholders of Danone Spain and the Danone-Unimilk entity;
- review of the draft press releases on the annual and semi-annual consolidated results. (...);
- presentation of the proposed dividend distribution to be submitted to a vote of the shareholders;
- review of the draft resolutions concerning the renewal of the share buyback program and the allocation of Group performance shares to be submitted for approval at the Shareholders’ Meeting of April 29, 2014;
- the review of the Group’s crisis management system, including a semi-annual review of its main risks (including financial risks), particularly by thematic presentations and discussions with the operational managers in charge of monitoring and managing these risks, and updated presentations of risk mapping;
- presentation of the main risks faced by the Group, in particular through special presentations and discussions with the operational managers in charge of such risks;
- monitoring the effectiveness of the internal control systems;
- approval of the Group’s internal audit plan, and review of the principal results of audits conducted during the year and the summary thereof;
- review of the section of the Chairman’s report on internal control and risk management;
- pre-approval policy for assignments by the Statutory auditors (other than statutory audit assignments), thereby ensuring their independence (including a regular review of their fees);
- monitoring of the accounting and organizational aspects of the Group’s plan for savings and adaptation in Europe;
- review of the allocation of responsibilities between the Audit Committee and Social Responsibility Committee;
- operation of the Committee, and establishing its program and priorities for the 2013 and 2014 fiscal years;
- review of the Group’s main fiscal risks and changes to the fiscal environment; and
- review of IFRS developments.”

Source: <http://finance.danone.com/phoenix.zhtml?c=95168&p=irol-govCommittee&Committee=1753>

Section C Fair rewards and motivation

a. Remuneration policy

	Code provision	Information to disclose	Where?
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 policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the	Remuneration policy including remuneration governance and decision-making process, details of the components of executives’ remuneration and each component’s purpose, principles and assumptions, the duration of the executive’s contract and their notice period and eventual	Website (IR page – GSM material)

<p>Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. [...] Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.</p>	<p>compensation for revocation without cause</p>	
	<p>Description of key changes to the remuneration policy since previous year and timely publication on website (in addition to annual report)</p>	<p>Website (IR page – GSM material) Annual report (Remuneration report)</p>

The remuneration policy describes the structure of the remuneration of Board members and Executive Officers. More information about the remuneration policy is available in the Compendium of corporate governance practices.

b. Remuneration report

Code provision	Information to disclose	Where?
C.1	<p>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 during the annual period under review.</p>	<p>Remuneration report Annual report (remuneration report)</p>

Part of the annual report, the remuneration report presents the main mechanisms of a remuneration policy and its implementation. The implementation of the remuneration policy consists of the actual remuneration of Non-Executive Directors and Executive Officers during the year under review.

The remuneration report often opens by explaining the intended balance of the different remuneration components set by the remuneration policy, i.e. which weight is allocated to each component as in Exhibit 6.

Exhibit 6: Good practice example: remuneration policy

<p>FIXED PAY BASE SALARY To attract and retain talent to help achieve our strategic objectives.</p>	<p>Paid monthly and, usually, reviewed annually with any increases taking effect from 1 April. The review involves the consideration of market position relative to relevant comparator groups, including our sector peers and non-financial services FTSE 30 constituents, and is also influenced by:</p> <ul style="list-style-type: none"> The Executive Director's role, 	<p>experience and performance;</p> <ul style="list-style-type: none"> Business performance, the wider market and economic conditions; and The range of salary increases applying across the Group in similar inflationary environments. <p>The Committee may review and adjust salaries other than in the course of the annual review, including where</p>	<p>an Executive Director's role or market positioning changes significantly. Where the change in role is on an interim basis, the Committee may determine that, instead of an increase in salary, a non-pensionable interim allowance is payable, the level of which will be informed by those factors influencing salary reviews.</p>
<p>BENEFITS To attract and retain talent to help achieve our strategic objectives.</p>	<p>Benefits typically include life assurance, income protection, personal accident insurance, annual leave, financial counselling and medical insurance. Executive Directors may be provided with additional benefits, such as on-site fitness facilities, on the same basis as other employees. Flexible benefit arrangements may be offered, including</p>	<p>change in the responsibilities of the role. The level of base salary paid, and any interim allowance, will vary by role and will be no more than is necessary to attract and retain Executive Directors with the necessary experience and skills.</p> <p>Details for the Executive Directors for the period under review are set out in the Annual Remuneration report on page 66.</p> <p>a company car or cash in lieu of a company car and, where appropriate to assist with their roles, chauffeur services may also be provided.</p> <p>Executive Directors are also eligible to participate in our all-employee share plans, currently the Share Incentive Plan and the Sharesave Plan, on the same basis as other employees.</p>	<p>Individual and business performance is considered in reviewing and setting base salary.</p> <p>Executive Directors are covered under the terms of the Company's directors' and officers' liability insurance.</p>
<p>PENSION To attract and retain talent to help achieve our strategic objectives.</p>	<p>Benefit values vary by role and are reviewed by reference to market position periodically. The maximum level of benefits will be no more than is necessary to attract and retain Executive Directors with the necessary experience and skills. Executive Directors will be reimbursed for business expenses relating to the performance of their duties, including</p> <p>Executive Directors can choose to participate in the relevant local defined contribution pension arrangement or receive cash in lieu, or a combination thereof.</p>	<p>travel, accommodation and subsistence. Occasional travel, accommodation and subsistence expenses will be reimbursed and may be grossed up for any tax due where the Company requires Executive Directors' spouses or partners to travel.</p> <p>Details for the Executive Directors for the period under review are set out in the Annual Remuneration report on page 66.</p> <p>Executive Directors can choose a pension contribution or receive cash in lieu, or a combination thereof, up to 30% of base salary. No current Executive Director is a</p>	<p>Some benefits, such as life assurance, are calculated by reference to base salary.</p> <p>was closed to future accrual on 31 December 2013.</p> <p>Calculated by reference to base salary.</p>

Source: BG Group 2014 Registration Document, p 64

The implementation of the remuneration policy will also underline any increase in base salary compared to the average increase for employees, any discretionary or transaction-related bonus and severance payments.

It is usually presented in a table format as below in Table 5 with separate tables for directors who perform executive functions and those who do not. The table for the latter (non-executive directors) will only include their fees and eventually benefits in kind as they usually do not receive any variable remuneration (bonus and long-term incentives) or pension. Table 5 and Exhibit 7 follow best-practices and meet investors' expectations by presenting individual remuneration.

Table 5 Executive remuneration disclosure

Figures in RON	Base salary	Bonus	Long-term incentives vested	Pension	Benefits in kind
Name of executive officer 1	100	60	10	10	2
Name of executive officer 2*					

* If the executive officer has not served at the company for the full year or received any exceptional awards, it should be mentioned in the notes of the table, as illustrated in Exhibit 7.

Companies' disclosure should distinguish awards that were granted during the year under review from awards that vested during the year under review if there were any. It is good practice to explain which performance criteria were used to allocated variable remuneration.

The remuneration report might also include any pension or benefits in kind. If the company uses a defined-contribution scheme, the company should disclose the pension increase during the year under review. If a defined-benefit scheme is used, the company should disclose the gross increase in accrued pension. Benefits in kind might include a company car, health insurance, relocation allowance.

Exhibit 7: Good practice example: Notes to the remuneration table

Directors' remuneration in 2014

This report sets out information on the remuneration of the Directors for the financial year ended 31 December 2014.

Single figure for total remuneration (audited)

	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
£000	Salary/fees	Salary/fees	Bonus (cash)	Bonus (cash)	Bonus (viii) (deferred)	Bonus (deferred)	Benefits (ix)	Benefits (ix)	LTIPs (x)	LTIPs	Pension (xi)	Pension (xi)	Total	Total
Executives														
Sam Laidlaw	967	950	592	851 ⁽ⁱ⁾	-	-	61	55	1,369	-	418	379	3,407	2,235
Phil Bentley ⁽ⁱⁱ⁾	-	318	-	238	-	-	-	22	471	-	-	48	471	626
Mark Hanafin	606	585	-	368	432	158	25	31	732	-	265	230	2,060	1,372
Nick Luff ⁽ⁱⁱⁱ⁾	407	610	-	333	-	-	28	29	-	-	187	246	622	1,218
Chris Weston ^(iv)	605	553	-	281	-	120	46	174	-	-	166	154	817	1,282
													7,377	6,733
Non-Executives														
Rick Haythornthwaite ^(v)	495	14	-	-	-	-	-	-	-	-	-	-	495	14
Sir Roger Carr ^(vi)	-	490	-	-	-	-	-	-	-	-	-	-	-	490
Margherita Della Valle	88	77	-	-	-	-	-	-	-	-	-	-	88	77
Mary Francis	105	105	-	-	-	-	-	-	-	-	-	-	105	105
Lesley Knox	85	85	-	-	-	-	-	-	-	-	-	-	85	85
Mike Linn ^(vii)	65	38	-	-	-	-	-	-	-	-	-	-	65	38
Andrew Mackenzie ^(viii)	-	23	-	-	-	-	-	-	-	-	-	-	-	23
Ian Meakins	65	65	-	-	-	-	-	-	-	-	-	-	65	65
Paul Rayner	65	77	-	-	-	-	-	-	-	-	-	-	65	77
													968	974
Total													8,345	7,707

- (i) Phil Bentley resigned as an Executive Director on 30 June 2013 and remained an employee of Centrica until 31 December 2013. During the period between 31 July and 31 December 2013, he received basic salary and benefits. The figures in this table include his emoluments for the period to 30 June 2013.
- (ii) Nick Luff resigned as an Executive Director on 31 August 2014.
- (iii) Chris Weston resigned as an Executive Director on 30 December 2014.
- (iv) Rick Haythornthwaite was appointed as a Non-Executive Director on 14 October 2013 and as Chairman on 1 January 2014.
- (v) Sir Roger Carr resigned as Chairman on 31 December 2013.
- (vi) Mike Linn was appointed as a Non-Executive Director on 1 June 2013.
- (vii) Andrew Mackenzie resigned as a Non-Executive Director on 10 May 2013.
- (viii) Mark Hanafin deferred his full AIS award into the DMSS in accordance with the rules of the plan and as disclosed on page 72.
- (ix) Benefits for Executives include car and fuel, health and medical, financial planning advice, matching shares received under the Share Incentive Plan, the gain from any options exercised under the HMRC-approved Sharesave plan and long service awards. Benefits for Chris Weston in 2013 include expenses and benefits paid under the terms of his international assignment agreement including for his relocation from the US to the UK.
- (x) The long-term incentives include the value of the LTIS and DMSS matching awards due to vest in April 2015, relating to the three-year performance period ending in 2014. The share price used to calculate the value of the awards is the three-month average to 31 December 2014 which was 290.42p. Dividend equivalent values are also included. The performance outcome is set out on pages 75 and 76.
- (xi) The value of the increase in defined benefit pension accrual for Phil Bentley and Chris Weston has been calculated in line with current reporting regulations at 20 times the increase in accrued pension for the year (less an allowance for the contributions paid by the member and CPI inflation of 2.2% in 2013 and 2.7% in 2014). Notional contributions of 40% of base salary to the CUPS DC Scheme for Sam Laidlaw, Mark Hanafin and Nick Luff have been included in this table as if CUPS DC were a cash balance scheme and therefore include notional investment returns.
- (xii) Sam Laidlaw elected to donate his entire 2013 bonus to charity.

Source: Centrica, 2014 Annual Report, p 74

Section D Building value through investor relations

All information for disclosure in Section D of the Code is to be provided on the website. The provisions of Section D are therefore presented in Part II. Disclosure on the corporate governance and investor relations pages of the website.

II. Disclosure on the corporate governance and investors' relation pages of the website

Companies whose shares are listed on the BSE regulated market should maintain a public company website. According to the Code, companies should have a dedicated IR page in Romanian and English. Whilst the Code only refers to the IR page, it is best practice for companies to also have a dedicated CG page. The CG page of the website can be separate (in the "about us" section) or be a page within the IR section. Exhibit 8 gives an example of how the information typically disclosed on the CG page.

Exhibit 8: Good practice example: Corporate Governance page

Investors

- Share price
- Corporate Governance**
 - Board of Directors
 - Board Committees
 - AFEP-MEDEF recommendations
 - Under the T.E.P.A. law
 - Capital and Articles of Association, Internal Regulations, Disclosure of share buy-back transactions
- Regulated Information
 - Reference Document and Annual Report
 - Quarterly financial presentations
 - Strategy presentations
- EMTN

Corporate Governance

The Board of Directors is comprised of 13 members appointed at the Annual General Meeting of Shareholders. The Board's composition reflects a diverse and complementary range of experience, nationalities and cultures, ensuring that the interests of all shareholders are taken into account.

Members of the Board of Directors are chosen for their skills, their integrity and their independence of mind.

In 2013, the Board of Directors met five times and had an effective attendance rate or attendance rate by telephone of 95%.

Board of Directors
The Board of Directors has 13 members, and comprises members with complementary experience and skills.
▶ [More about...](#)

Board Committees
The Board has established three sub-committees: the Audit and Accounts Committee, the Appointments and Governance Committee, and the Remuneration Committee.
▶ [More about...](#)

AFEP-MEDEF recommendations
▶ [More about...](#)

Under the T.E.P.A. law
Under the articles L 225-42-1 and R 225-34-1 of the French Commercial Code, we have to publish the following decisions of the Management Board:
▶ [More about...](#)

Capital and Articles of Association, Internal Regulations, Disclosure of share buy-back transactions
Please find here the Capital, the Company's articles of association, the Internal Regulations of the Board of Directors and the disclosures of share buy-back transactions
▶ [More about...](#)

Video new signature

AIR LIQUIDE
Creative Oxygen

▶ [Watch the video](#)

Contact us

Shareholders' info line

- 0 800 16 61 79 (free-toll number from France)
- +33 1 57 05 02 26 (outside France)

Investor Relations

- Aude Rodriguez**
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- Virginia Jeanson**
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Source : <http://www.airliquide.com/en/investors/corporate-governance-8.html>

Section D of the Code addresses dissemination of information to shareholders and the market. All the information in Section D is to be disclosed on the website. Nonetheless, the website should also include information on other relevant provisions of the Code, identified in Tables in Part I. We do not repeat them

to avoid redundancy and confusion. Please refer to the aggregated checklist of all information that should be disclosed in the annual report and on the website in Appendix 2.

Code provision	Information to disclose	Where?
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:	Should include on its corporate website, a dedicated Investors Relations section, both in Romanian and English, with all information of interest to investors	Website (IR page)
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures.	Articles of association <i>Board and Board committee terms of reference</i> GSM rules and procedures	Website (CG page) Website (IR page)
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;	CVs of Board members, their other professional commitments	Website (CG page)
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;	Current and periodic reports, including Code non-compliance current reports	Website (IR page) Website (CG page)
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;	GSM agenda and supporting material, procedure for election of Board members and their background and relevant skills Shareholders' questions regarding the GSM agenda and company responses	Website (IR page – GSM)
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 operations. Such information should be published within a timeframe that enables investors to make investment decisions;	Payment of the dividends and other distributions to shareholders, events leading to the acquisition or limitation of rights of a shareholder	Website (IR page – GSM)
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;	Name and contact of Investors Relations	Website (IR page) Annual report (CG statement)
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.) and financial statements (quarterly, semi-annual, annual), auditor reports and annual reports	Website (IR page)

As regards the internal regulations referred to under provision A.1., Exhibit 8 provides an illustration of how they could be disclosed.

Provision D.1.4. requires the disclosure of information related to general meetings of shareholders: agenda and supporting materials, the procedure approved for the election of the Board members, rationale for the proposals of candidates for the election of the company’s Board available to the company, together with their professional CVs, shareholders’ questions related to the agenda and the company’s answers, including the decisions taken. Exhibit 9 provides an example of GSM material and results disclosure.

Exhibit 9: Good practice example: GSM material and results

Air Liquide > Shareholders > Events > The Combined Shareholders' Meeting



The Combined Shareholders' Meeting

Each year, Air Liquide invites you to the Annual General Meeting. It was held today, Wednesday, May 6, 2015, at 3:00 pm at the Palais des Congrès in Paris.

Following the Meeting, the breakdown of voting results will be communicated and posted on the Shareholders section, as well as the Minutes of the Shareholders' Meeting.



- [Download the press release](#)
- [Download the results](#)
- [Read the pres-submitted written questions](#)

Find out all the information about the 2015 Annual General Meeting:



[Consult previous Shareholder Meetings](#)

Events

- ▶ The Combined Shareholders' Meeting
- ▶ Shareholders' meetings
- ▶ The Actionaria trade show
- ▶ Mini-exhibitions at the Shareholders Lounge

Publications

Documentation to download

for the 2015 Annual General Meeting

- Voting form
- Invitation to Shareholders' Meeting
- Notice of Meeting
- 2014 Reference Document
- **2014 Annual Report** new
- "Bilan social 2014" [FR]
- 2015 Proposed resolutions and purpose
(Extracted from 2014 Reference Document)
- Delegations of authority granted at the
Shareholders' Meeting
(Extracted from 2014 Reference Document)
- Voting rights as of February 20, 2015
- Preliminary Meeting Notice
- Press release: *Combined Shareholders' Meeting on May 6, 2015*

Source : <http://www.airliquide.com/en/shareholders/events-22/the-combined-shareholders-meeting.html>

Code provision	Information to disclose	Where?
D.2	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	Annual cash distribution or dividend policy Website (IR page – GSM)

	net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.		
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.	Forecast policy Forecasts	Website (IR page) Annual Report Website (IR page)
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.	GSM rules and procedures including provisions on not restricting 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	Website (IR page – GSM rules and procedures)
D.5	The external auditors should attend the shareholders’ meetings when their reports are presented there.	Provision on attendance of the external auditor to the GSM	Website (IR page – GSM rules and procedures)
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 issues subject to resolution at the general meeting.	Brief assessment of the internal controls and the significant risk management system, and opinions on issues subject to resolutions of the general meeting	Website (IR page – GSM agenda and supporting material)
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.	GSM rules and procedures including a provision on any professional, consultant, expert or financial analyst being able to participate in the shareholders’ meeting upon the 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.	Website (IR page – GSM rules and procedures)

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.	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	Website (IR page – Quarterly and biannual financial reports)
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.	Calendar of meetings with, and presentations made to, analysts and investors <i>Number of investor meetings over the past financial year</i>	Website (IR page) <i>Annual Report (Other)</i>
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.	Policy for artistic, cultural, sport, educational and scientific support	Website

Exhibit 10 gives an example of the rules and procedures of the general meeting of shareholders.

Exhibit 10: Good practice example: Rules and procedures of the GMS

Article 5. Announcement of the Call to Meeting

The General Shareholders' Meeting must be called by the Board of Directors of the Company by means of an announcement published in accordance with the provisions of the Bylaws. No later than the date of publication or, in any case, the next business day, the Company shall send the announcement of the call to meeting to the National Securities Market Commission. The text of the announcement shall also be accessible on the Bank's website.

The announcement of the call to meeting shall state the date of the meeting on first call as well as all the matters to be addressed. Furthermore, the announcement shall state the date on which the General Shareholders' Meeting shall be held on second call, if such call occurs. There shall be a period of at least twenty-four hours between the first and second call.

Shareholders representing at least five (5%) percent of the share capital may request the publication of a supplement to the call to Meeting including one or more items in the agenda. This right must be exercised by means of verifiable notice that must be received at the registered office within five (5) days of the publication of the call to Meeting. The supplement to the call shall be published at least fifteen (15) days in advance of the date set for the Meeting. Not later than the day of publication or, in any case, the next business day, the Company shall send the supplement to the call to Meeting to the National Securities Market Commission. Such supplement shall also be accessible on the Bank's website.

Article 7. Right to Receive Information Prior to the Holding of the General Shareholders' Meeting

From the first date of publication of the call to the General Shareholders' Meeting through and including the seventh day prior to the date provided for the first call to meeting, the shareholders may request in writing such reports or clarifications that they deem are required, or ask written questions that they deem pertinent, regarding the matters contained in the agenda. In addition, upon the same prior notice and in the same manner, the shareholders may request reports or clarifications or ask written questions regarding information accessible to the public which has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting.

Source : <http://www.santander.com>

III. Current reports to the BSE

What is a current report and its purpose

All companies whose shares are listed on the regulated market operated by the BSE must produce current reports on corporate governance changes for the purposes of informing the market about deviation from compliance with the CG Code. These include information on any change in the compliance status (i.e. “comply” or “non-comply”) with any of the Code’s provisions that occurs in relation to the compliance status communicated in the last Annual Report. These changes shall include “negative” changes (from compliance to non-compliance)¹² and, should include “positive” (i.e. moving from non-compliance to compliance) changes as well.

Since companies did not have to disclose their compliance with the Code in their 2015 annual report, companies should produce current report as per Appendix 4: Transitional period between 22 September 2015 and the publication of their 2016 annual report.

When to communicate and to whom

The current reports must be submitted to the BSE immediately upon the occurrence of the event, no later than 24 hours afterward.¹³ If during a trading session an issuer is to submit an informing or current report that contains information that could significantly impact the price, yield or investment decision, it must be notified to the BSE with at least five minutes before its release¹⁴. In addition, issuers shall inform BSE as soon as possible of clarifications related to news or rumours acknowledged and likely to influence the financial instruments’ price/ yield. Issuers must disclose the respective information via a press release, if BSE considers it necessary.¹⁵

How

Issuers have an obligation to submit all current reports in electronic format with electronic signature. Under the extraordinary circumstance that the electronic signature cannot be used, the respective information will then be sent via e-mail, fax, mail or courier, printed.¹⁶

Format

In terms of format, the corporate governance current report follows the model for current reports included in annex no. 29 of the FSA Regulation no. 1/2006 on issuers and transactions with securities, as amended.

When reporting a change in its compliance with the Code, the current report should state in the event to be reported that the current report relates to a change compliance with the Code. The accompanying text

¹² BSE Rulebook, the updated version of 9 September 2015, Art. 87¹, paragraphs (1) and (2) and Art. 99 letter b¹).

¹³ BSE Rulebook, the updated version of 9 September 2015, Art. 87 and 100, as amended.

¹⁴ BSE Rulebook the updated version of 9 September 2015, Art. 101.

¹⁵ BSE Rulebook the updated version of 9 September 2015, Art. 83.

¹⁶ BSE Rulebook the updated version of 9 September 2015, Art. 81.

should make exact reference to the provision of the Code, recall the situation before the change, describe the change and states the current compliance status (compliance or non-compliance).

Exhibit 11 gives an example of current report submitted to the FSA and BSE.

Exhibit 11: Current report example



To: Financial Supervisory Authority
Financial Instruments and Investments Sector
Fax: 021- 659.60.51

Bucharest Stock Exchange – Regulated market
Fax: 021- 256.92.76

From: Bursa de Valori Bucuresti S.A. (Bucharest Stock Exchange)

CURRENT REPORT

According to C.N.V.M. Regulation no. 1/2006 on issuers and operations with securities and Law no. 297/2004 on capital market

Report date: 15 May 2015

Name of the issuing company: BURSA DE VALORI BUCURESTI S.A.

Registered office: 34-36 Carol I Blvd, 13-14 floors, district 2, Bucharest

Phone/fax number: + 4 021/307.95.00, + 4 021/307.95.19

Sole Registration Code with the Trade Register Office: 17777754

Order Number in the Trade Register: J40/12328/2005

Share capital: RON 76,741,980

Regulated market on which the issued securities are traded: Bucharest Stock Exchange – Premium Tier (market symbol: BVB)

Important events to be reported: Shareholding structure and total number of voting rights of Bursa de Valori Bucuresti S.A. as of 30 April 2015

Shareholding structure and total number of voting rights of Bursa de Valori Bucuresti S.A. as of 30 April 2015, as received from Depozitarul Central S.A., were as follows:

Shareholder type	% of share capital	No. of shares	% of voting rights
Romanian institutional investors	69.36168%	5,322,953	69.36168%
Foreign institutional investors	17.97273%	1,379,263	17.97273%
Romanian private individuals	12.03926 %	923,917	12.03926%
Foreign private individuals	0.62632%	48,065	0.62632%
Total	100%	7,674,198	100%

The total number of shareholders as of 30 April 2015 was 1,295.

Please note that the total number of voting rights as of 30 April 2015 was 7,674,198.

Marius-Alin BARBU
Deputy General Manager

Source : http://www.bvb.ro/infocont/infocont15/BVB150515_en.pdf

Appendix 1: Example-based templates for reporting Board and committee activities

Provision A.9 states that the annual corporate governance statement should contain a report on the Board and the committees' activities during the year under review. This implies that there should be a narrative report of the Board Chairman and Committee chairmen on how they respectively exercised the Board and Board committees' responsibilities during the year. The scope of this provision is therefore relatively broad. In order to facilitate reporting on the Board and Audit Committee's activities, the illustrated templates below provides a summary of the information to be disclosed in this context across all provisions.

Board activities

The Board held [number] scheduled meetings in person during the year. In addition, the Board conducted [number] scheduled telephone meetings and further ad hoc telephone Board meetings to address important items of business which had arisen. The Board also held a [e.g. special two-day strategic meeting, which included a visit to the production site]. The table below shows the number of meetings and attendance by individual board members.

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of meetings	[number of meetings] X	[number of meetings] Y	[number of meetings] Z	[number of meetings] V
Director 1	[Nb meetings attended]/X	[Nb meetings attended]/Y		[Nb meetings attended]/V (Chair)
Director 2	[Nb meetings attended]/X		[Nb meetings attended]/Z (Chair)	[Nb meetings attended]/V
Director 3	[Nb meetings attended]/X			
Director 4	[Nb meetings attended]/X			
Director 5	[Nb meetings attended]/X		[Nb meetings attended]/Z	
...		[Nb meetings attended]/Y (Chair)		

The Board sets the Group's strategy and reviews management and financial performance. Its role is to create and deliver strong, sustainable financial performance and long-term shareholder value whilst protecting the interests of [name of company]. Matters specifically reserved for the Board's decision-making include: [Please amend according to your terms of reference and delegation of authorities:

- Approval of the overall strategy and annual budgets of the business;
- Review of the financial and annual reports;
- Approval of major transactions, including acquisitions, by [the company] or its subsidiary;
-]

The Board also reviewed its terms of reference. These can be found at [link].

Name of the Secretary] is Secretary to the Board.

The main debates and actions carried out at the meetings of the Board during 20[XX] are summarised below.

Board activities in 20[XX]

At each scheduled meeting the following standing matters are considered:

[Please amend to reflect the standing matters at your company:

- Consideration of any new conflicts of interest;
- Review of minutes of previous meetings, including actions from previous meetings; and
- Reports/updates from the senior management. These reports include consideration of strategic matters (strategic positioning and strategy implementation) and financial matters including possible asset expansions, acquisitions, disposals, joint ventures and debt programmes.]

In addition to these standing matters, the Board main activities for 20[XX] were:

[Please detail the activities of your Board during the year under review. Below is a list of illustrative and contextualised examples:

- In connection with the [...], [the company] has revised its committees terms of reference.
- The Board assessed its performance. The Board evaluation was facilitated internally by the [Group Secretary]. He/she is considered a suitable and independent sounding board for this process as [reason]. Next year, after a gap of two years, we intend to use an outside facilitator. In line with previous years, and to ensure continuity, we agreed that a detailed and focused one-on-one discussion with each director was the most effective way to facilitate constructive and meaningful insight and output.
- At its strategy meeting, the Board discussed the strategy, business development and critical issues of the Group. Topics for discussion included [...].
- The Board also considered the strategic opportunities open to the Group to pursue future growth, in particular in [... e.g. country X]. The strategy for and timing of [the XYZ project] were discussed in detail, as it is fundamental to the growth of the Group and the Board approved it. The Board carefully considered the appropriate project management structure and its supervision, so that timely execution of the project is not hampered.
- The Board also addressed the challenges and importance of maintaining good public relations in Country B.]

Audit Committee's activities

The Committee held [number] scheduled meetings during the year which [all] the Committee members attended. [Name of the Secretary] is Secretary to the Committee.

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities with regard to financial reporting, external and internal audit, risk management and controls. This includes:

[Elements of the committee terms of reference, as for example:

- monitoring and reviewing the Group's financial and accounting policies and practices;

- monitoring the integrity of the annual and half yearly financial statements and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements relating to them;
- monitoring matters that influence or could distort the presentation of accounts and key figures;
- overseeing the Group's procedures for ensuring that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable;
- considering the scope of the annual external audit and the work undertaken by external auditors;
- considering the reappointment of the external auditors;
- reviewing and monitoring the independence of the external auditor and the provision of additional services by it;
- reviewing 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, and management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submit relevant reports to the Board;
- review conflicts of interests in transactions of the company and its subsidiaries with related parties.]

The Committee also reviewed its terms of reference. These can be found at [\[link\]](#).

The main activities carried out at the meetings of the Audit Committee during 20[XX] are summarised below.

Audit Committee's activities in 20[XX]

During the year, the Committee's main focus areas included the following:

[List below the main activities of the committee during the year under review. Below is a list of illustrative and contextualised examples:

- reviewing and agreeing the global audit plan, scope and fees of the audit work to be undertaken by the external auditors;
- reviewing and evaluating the Group's procedures for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable;
- reviewing and discussing the full year (audited), and half-year (unaudited), financial statements with management and the external auditors;
- discussing various material accounting issues with management and the external auditors, particularly those involving key judgements and estimates primarily as outlined in further detail below;
- evaluating the effectiveness of the external auditors;
- reviewing the operation of the Company's policy for the provision of non-audit services by the external auditors;
- considering the output from the Group-wide processes used to identify, evaluate and mitigate risks, including credit and performance risks across the industrial and marketing activities;

- reviewing the Internal Audit Department’s annual audit plan and reviewing the effectiveness of the Internal Audit function;
- ...]

Nomination Committee’s activities

The Committee held [number] scheduled meetings during the year which [all] the Committee members attended. [Name of the Secretary] is Secretary to the Committee.

The main responsibilities of the Nomination Committee are to assist the Board with succession planning and with the selection process for the appointment of new Directors, both Executive and Non-Executive, including the Chairman. This involves:

[Elements of the committee terms of reference, as for example:

- evaluating the balance and skills, knowledge and experience of the Board and identifying the capabilities required for a particular appointment;
- lead the process for Board appointments and make recommendations to the Board; and
- evaluating the need for Board refreshment and succession planning generally.]

The Committee also reviewed its terms of reference. These can be found at [link].

The main activities carried out at the meetings of the Nomination Committee during 20[XX] are summarised below.

Nomination Committee’s activities in 20[XX]

During this year, the Committee’s principal work included the following:

[List below the main activities of the committee during the year under review. Below is a list of illustrative and contextualised examples:

- We continued to refresh and review non-executive director tenure and skill set to ensure appropriate mix and diverse experience. As part of this, we agreed the process, timetable, shortlist and final recommendation for the appointment of Mrs ABC and discussed the appointment renewal for Mr HIJ;
- We continued to support succession and development of the executive directors. As part of this, we reviewed and recommended the appointment of M.XXX to succeed XYZ, and implemented development initiatives for senior executives, including international business school training, executive coaching, and non-executive director mentor programme;
- We also continued to look at ongoing business insight needs and development for all directors.]

Appendix 2: Aggregated checklist

The table below aggregates the information to disclose in all sections of the Code. In this table, ToR refers to terms of reference, CG page to Corporate Governance page of the website, IR refers to Investor relations.

Annual report	Information to disclose	Provision	
Board composition	<i>Board size</i>	A.3	
	Board members' name, date of first election, term of mandate, status (executive/non-executive, independent, biography)	A.4	
	Number of the independent members of the Board	A.10	
	Each Board member's other executive and non-executive Board positions in companies and non-profit institutions	A.5	
	Audit Committee	<i>Composition of the Audit Committee, identifying the independent directors and those with auditing or accounting experience</i>	B.1
		<i>Name of the Audit Committee chairperson</i>	B.2
	Nomination Committee	<i>Nomination Committee composition and its percentage of independent members</i>	A.11
Board and Board committees' responsibilities and activities	<i>Whether the Board and committees are regulated by terms of reference</i>		A.1
	Number of Board meetings and Board committee meetings, attendance and summary of their activities		A.9
	Board	<i>The name of the Board secretary</i>	A.7
		Whether an evaluation of the Board has been conducted and a brief description of the outcome and actions planned as a result of the Board evaluation The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	A.8
	Audit Committee	Whether the Audit Committee assessed the system of internal control, considering 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, and management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submit relevant reports to the Board.	B.3 B.6.
		<i>Reporting lines of the Head of Internal Audit</i>	B.12
		<i>Information about the main themes the Audit Committee reported to the Board</i>	B.8
		<i>Narrative report of Audit Committee Chairman (on review of Internal Audit's reports and reporting of named Head of Internal Audit)</i>	B.11

Remuneration report	Description of key changes to the remuneration policy since previous year and timely publication	C.1		
Risk and internal controls	<i>Description of the key features of the risk management and internal control systems (e.g. supporting policies and frameworks, description of the lines of defence)</i>	B.6		
Shareholders	<i>Name and contact of Investors Relations</i>	D.1.6.		
	<i>Number of investor meetings over the past financial year</i>	D.9		
Other	<i>Information on the number and value of related party transactions</i>	B.5		
Website	Information to disclose	Provision		
	Should include on its corporate website, a dedicated Investors Relations section, both in Romanian and English, with all information of interest to investors	D.1		
CG page	Board	Board members' name, status (executive/non-executive, independent), biography	A.4	
		CVs of Board members, their other professional commitments	D.1.2.	
		<i>Nomination Committee composition and its percentage of independent members</i>	A.11	
		<i>Composition of the Audit Committee, identifying the independent directors and those with auditing or accounting experience</i>	B.1	
		<i>Name of the Audit Committee chairperson</i>	B.2	
		Articles of association	D.1.1.	
		Board and committee ToR		
		Board ToR	The ToR of the Board should apply the General Principles of Section A	A.1
			The Board terms of reference should include provisions on the management of conflict of interest stating that members of the Board should notify any conflicts of interest which have arisen or may arise, to the Board and should refrain from taking part in the discussion (including from not being present where this does not render the meeting non-quate) and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest	A.2
			Provision that directors should submit information on any relationship with a shareholder who holds directly or indirectly shares representing more than 5% of all voting rights	A.6
		Board terms of reference include a provision ensuring that transaction as per B.10 are: - covered by a policy adopted by the Board (a related-party transactions policy), - approved by the Board following an opinion of the Board's Audit Committee - fairly disclosed to the shareholders and potential investors	B.10	
	Audit Committee ToR	The terms of reference of the Audit Committee should state that the Audit Committee should undertake an annual assessment of the system of internal control	B.3	
		The terms of reference of the Audit Committee should state that the Audit Committee should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control	B.4	

		reports to the Audit Committee of the Board, and management’s responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submit relevant reports to the Board	
		Terms of reference of the Committee have a provision specifying that the Audit Committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties	B.5
		The terms of reference of the Audit Committee include a provision on monitoring the application of statutory and generally accepted standards of internal auditing and receiving and evaluating the reports of the internal audit team	B.7
		<i>The terms of reference of the Audit Committee include a provision on reporting to the Board on its activities.</i>	B.8
		<i>The terms of reference of the Audit Committee specify 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</i>	B.11
		<i>Reporting lines of the Head of internal audit</i>	B.12
	Nomination Committee ToR	<i>The terms of reference of the Nomination Committee should include a provision that the Nomination Committee should be composed of non-executives and will lead the process for Board appointments and make recommendations to the Board</i>	A.11
	Related-party transaction policy	Covers transactions as per provision B.10 of the Code	B.10
		Provision specifying that the Audit Committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	B.5
		Provision specifying no shareholder may be given undue preference over shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	B.9
IR page	GSM rules and procedures	GSM rules and procedures	D.1.1.
		GSM rules and procedures including provisions on not restricting 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.	D.4
		Provision on attendance of the external auditor to the GSM	D.5
		GSM rules and procedures including a provision on any professional, consultant, expert or financial analyst being able to participate in the shareholders’ meeting upon the 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.	D.7

	GSM agenda and supporting material	GSM agenda and supporting material, procedure for election of Board members and their background and relevant skills Shareholders' questions regarding the GSM agenda and company responses	D.1.4.
		Remuneration policy including remuneration governance and decision making process, details of the components of executives' remuneration and each component's purpose, principles and assumptions, the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. Description of key changes to the remuneration policy since previous year and timely publication	C.1
		Brief assessment of the internal controls and the significant risk management system, and opinions on issues subject to resolutions of the general meeting	D.6
		Payment of the dividends and other distributions to shareholders, events leading to the acquisition or limitation of rights of a shareholder	D.1.5.
		Annual cash distribution or dividend policy	D.2
	Others	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.) and financial statements (quarterly, semi-annual, annual), auditor reports and annual reports	D.1.7.
		<i>Forecasts presentation</i>	D.3
		Calendar of meetings with, and presentations made to, analysts and investors	D.9
		Forecast policy	D.3
	Quarterly and biannual financial reports	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	D.8
Annual report		D.1.3.	
Current reports	Information to disclose	Provision	
	Information on any change in the compliance status (i.e. "comply" or "non-comply") with any of the Code's provisions that occurs in relation to the compliance status communicated in the last Annual Report. These changes include both "positive" (i.e. moving from non-compliance to compliance) and "negative" (from compliance to non-compliance) changes.	D.1.3.	

Appendix 3: Code compliance table

This table is a template for disclosing compliance and non-compliance with the Code. The Code compliance table is a full part of the corporate governance statement of the annual report. A soft version of this table will also be sent to the BSE team responsible for monitoring the Code.

Code provisions	Complies	Does not comply or partially complies	Reason for non-compliance
A.1			
A.2			
A.3			
A.4			
A.5			
A.6			
A.7			
A.8			
A.9			
B.1			
B.2			
B.3			
B.4			
B.5			
B.6			
B.7			
B.8			
B.9			
B.10			
B.11			
B.12			
C.1			
D.1 ¹⁷			
D.1.1			
D.1.2			
D.1.3			
D.1.4			
D.1.5			

D.1.6

D.1.7

D.2

D.3

D.4

D.5

D.6

D.7

D.8

D.9

D.10

¹⁷ Compliance with provision D.1. means that the company complies with all its sub-provisions (D.1.1, D.1.2, etc).

Appendix 4: Transitional period

A transitional period starts with the launch of the new Code on 22 September 2015. All companies will have from 22 September till 4 January 2016 to assess their state of compliance with the new provisions of the Code.

As of 4 January 2016, the new Code enters into force, and with it, the mechanism of continuous reporting through current reports. Beginning with this date, companies are required to submit a current report on the Code compliance statement, listing the provisions of the Code that are not complied with as of 31 December 2015, and explaining briefly the reason for such deviation.

During 2016 companies are required to report any change of compliance with the Code via a current report.

For the 2015 Annual Reports, the company is not obliged to include the corporate governance statement, which provides a picture of the company's compliance status as of 31 December 2015. If the company decides to do so, the corporate governance statement will include adequate explanations to any deviation with the Code. Any change that would have occurred between January 1, 2016 and the publication of the corporate governance statement in the annual report should be done via a dedicated current report.

The transitional period ends with the publication of the first mandatory corporate governance statement which will be in 2017 for 2016 Annual Report. Any governance change as explained in the part *Current reports to the BSE*, from what has been disclosed in the Annual report, is subject to a current report.

The exhibit below depicts the transitional period, from the launch of the Code till the publication by companies of the first mandatory corporate governance statement.

Transitional period

