



TMK-ARTROM S.A.

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 J 28/9/1991; VAT No. RO 1510210/1992
 Subscribed and Paid Share Capital: 291.587.538,34 lei

Annex 1 to the current Report on compliance with the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange

	Code provisions	Complies	Does not comply or partially complies	Reason for noncompliance	Rectification term
A1	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.	<p>TMK Artrom has provided detailed in the Article of Incorporation of the company rules of organization and functioning of the executive management/ BoD /GSM , have Code of Conduct, Corporate Gvernance which contain terms of reference , responsibilities of teh executive management, BoD and GSM and key management functions.</p> <p>These reference terms / responsibilities are brought to the public attention through the ANNUAL REPORT published on the Company's website on the Section: „Investor Relations”and the Article of Incorporation , The Code of Conduct and Corporate Governance Code published on the Company's website on Section : „About us – Corporate Gvernance”</p>			
A2	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	<p>As regards the management of conflict of interests, each member of the Board of Directors shall ensure that a conflict of interests directly or indirectly with the Company is avoided, and in the event of such conflict, it shall refrain from debating and voting on such matters in accordance with the legal provisions in force.</p> <p>The provisions for managing conflicts of interest are presented on the website in the CODE OF CONDUCT.</p>			

TMK EUROPEAN DIVISION Cod: FCU-01, Ed.3 Rev. 1/2014

ISO 9001 AD-2000 WO/W4 LRS
 ISO 14001 TRD 100/102 DNV 5CT-0440 PED 97/23/EC EN 10210-1,2 DIN 1629
 OHSAS 18001 Vd TUV GL-RULES 5L-0352 EN 10297 EN 10255 EN 10210 ISO/TS 16949

	resolution on the issue which gives rise to such conflict of interest.				
A3	The Board of Directors or the Supervisory Board should have at least five members.	The Board of Directors of TMK-ARTROM consists of 5 members. Information on this provision is published in the Annual Report in the Section: INVESTOR RELATIONS” and on the website in Section : „About us – CORPORATE GUVERNANCE”			
A4	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 nonexecutive 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.	TMK-ARTROM is a a company from STANDARD category, from all 5 members of the Board of Directors 4 members nonexecutyives are not independents in accordance with the provisions of section A due to the fact that the Asrticle of Incorporation of the Company do not require the obligation that one or more members of Doard of Directors to be independent. It is not the case to submit statements. The Board of Directors (BoD) mandated their executive duties to a Steering Committee consisting of 4 members including the Chief executive Officer. These terms of reference are brought to the attention of the public through the ANNUAL REPORT, Article of Incorporation and Corporate Governance Code , published on the Company’s website on Sections: „Investors Relation and About us – CORPORATE GUVERNANCE.			
A5	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.	These informations are available in the ANNUAL REPORT in Section „ Investors relation” .			
A6	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	The informations are presented in the annual report in accordance with the Resume submitted by each member of the Board of Directors.			

	obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.				
A7	The company should appoint a Board secretary responsible for supporting the work of the Board.	TMK-ARTROM appointed a Secretary for Board of Directors through a BoD Decision.			
A8	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.	The activity of Bord of Directors is annually evaluated based on the economic and financial indicators. The degree of fulfilment of the economic – financial indicators is presented in the annual report. After approval of the annual report GSM approve discharge to administrators. The GSM decision is published on the company’s website in Section „ Investor relations”.			
A9	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.	The annual report contain information regarding the activity of Board of Directors (number of meetings, activities carried out).			
A10	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.	The annual report contain informations regarding the number of members of BoD, that there are not independents and their repartization based on the criteria executive/nonexecutives.			
A11	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.	The company is not included in the premium category. In the Article of Incorporation of te company at article 11 „ the management of the company „ is presented the procedure of nominating the administrators. The Article of Incorporation is published on site in Section About us – CORPORATE GUVERNANCE but in the same time information are presented also in the current reports whenever were made changes of the Article of			

		Incorporation, published on site on section „investor relations“.			
	The reference terms of the Nomination committee will include a provision under which the Nomination Committee will consist from non executive members and will lead the procedure of nominalisation of new members in the committee and will make recommendations for the Committee	The company does not have a Nomination Committee but are presented provisions for nominating the members in BoD in the Article of Incorporation published on website in Section „About us – CORPORATE GOVERNANCE“.			
B1	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.	Not applicable, not all the nonexecutive administrators are independents.			
B2	The audit committee should be chaired by an independent non-executive member.	Not applicable.			
B3	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control	Not applicable.			
	If the Audit Committee has assessed the internal control system, taking into account the effectiveness and coverage of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council Audit Committee and the timeliness and effectiveness with which the executive management solve problems or deficiencies	The annual report contains information regarding the control activity and risk management . The internal auditors can be convened at the BoD meeting under the Article of Incorporation, published on the website.			

	identified in the internal control and relevant reports submitted to the Board				
B4	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 annual report contain information about the risk control and management activity.			
B5	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties	This activity is carried out on the basis of the obligation to monitor the compliance of the company with the provisions of the legal framework, Article of Incorporation / CODE OF CONDUCT and the applicable normative documents regarding transactions with affiliated parties.			
	Information regarding the number and the value of transactions with affiliated parties.	The Annual Report, current reports and semestrial reports of financial auditors regarding the agreements with affiliated parties higher than 50.000 Eur contain information of the transactions with affiliated parties from current year. Those are published on the website on section „Investor relation“.			
B6	The audit committee should evaluate the efficiency of the internal control system and risk management system.	The company does not have an audit committee. The outcome of the assessment of the effectiveness of the internal control system and of the risk management system is contained in the Annual Report.			
B7	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 company does not have an audit committee, but the organization of the internal audit activity has the obligation to apply the legal standards and interna audit standard as well assessment of the reports of internal audit team.			

B8	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.	Not applicable.			
B9	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.	In the Annual Report it is disclosed that it is not the case of holders of any securities with special control rights and a description of these rights and any restrictions on voting rights such as limitations on the voting rights of holders of a fixed percentage or number of votes, the terms for the exercise of voting rights or the systems by which, by cooperating with the entity, the financial rights attaching to the securities are separated from the ownership of securities.			
B10	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.	In accordance with the Article of incorporation in the attributions of the board of directors there are provisions regarding to the purchase, sale , exchange, setting guarantees on the company's assets with a value higher during the financial year 20% of the total value of the company's assets less the receivables which can be made only with the approval of GSM. Also it was adopted the specific procedure SYSTEM ISO regarding the transfer price related privitoare la tranfer price in relation with affiliated and procedures regarding preparing, tracking income expense budget, financial statements, economic financial indicators – that are approved quartely / semestrial by BoD.			
B11	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.	TMK-ARTROM S.A. has a Internal Audit Department and own Risk Analysis.			

	Descriptive Report of the Chairman of the Audit Committee (on the assessment of internal audit reports and the reporting of the Chairman of the Internal Audit Department)	The Annual Report contains a section on auditing activity that provides information on internal audit work and risk management.			
B12	To ensure the fulfillment 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	The reporting lines are strictly observed. The Audit Department reports to the Chief Executive Officer and the Board of Directors.			
C1	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 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.	The remuneration policy is published on the website in the ARTICLE OF INCORPORATION and in the ANNUAL REPORT.			

	<p>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>Any essential change of the remuneration policy should be published on the corporate website in a timely fashion</p>	<p>No significant changes occurred.</p>			

D1	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:	TMK-ARTROM has a structure specifically designed for investor relations. All materials published on the TMK-ARTROM website in the sections: About Us - CORPORATE GOVERNANCE and Investor Relations, are also translated into English.			
D.1.1	Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	All these materials are published bilingually on the company's website in the section: About Us - CORPORATE GOVERNANCE .			
	<i>Terms of reference of the Council and the Committees of the Council</i>	The Terms of Reference of the Board of Directors and the Steering Committee are contained in the corporate documents that can be found on the company's website in the section: About Us - CORPORATE GOVERNANCE.			
	GMS rules and procedures	All materials are published on the company's website both in the section About us - CORPORATE GOVERNANCE - as well as in Investor Relations, information about GSM convocation, current reports GSM.			
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	The CVs of the members of the governing bodies / the Board of Directors are published in the Annual Report on the company's website			

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 reports including periodiuc ones (quarterly, semi-annual and annual) are published on TMK Artrom website, in section Investor Relation and section About us – Corporate Governance. Those contain informations related to this provision. The current report regarding the non conformities but also subsequent current reports regading compliance will be published on website in section About us – corporate Governance.			
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;	All these information are published on the webpage in section About us – corporate Governance and in section Investor Relation.			
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;	All these information are published on company’s website in sections: Investor relations and About us – Corporate Governance.			
D.1.6	The name and contact data of a person who should be able to provide knowledgeable information on request;	The information are available on website in section „Investor Relation”.			
D.1.7	Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	Presentations made at the time of publication of quarterly and semi-annual financial results and / or On the occasion of meetings with investors / analysts are published on website, in section Investor realtions.			

		The semi – annual and annual financial statements are accompanied by the audit report.			
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 net profit. The annual cash distribution or dividend policy principles should be published on the corporate website	Dividend payment policy is published on TMK-ARTROM's Investor Relations section. Net profit distribution is published on the company's website in the Investor Relations section.			
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	The forecasts are published on the site in the Annual Report in the Investor Relations section.			
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.	Rules for the organization and conduct of the General Shareholder Meeting TMK-ARTROM guarantee shareholders' rights under the law and ensure equal treatment of shareholders. Those are provided by the Article of Incorporation on website in section : About us – Corporate Governancand also in current reports/ annual reports in section Investor Relation.			

D.5	The external auditors should attend the shareholders' meetings when their reports are presented there.	External auditors are notified of the date of the SHAREHOLDERS 'GENERAL MEETING to be present at the general shareholders' meeting when their reports are presented at these meetings.			
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.	This information is contained in the chapters referring to the activity regarding the risk management, internal control and risk management in the annual report of the Board of Directors subject to the approval of the GSM, to be submitted to the approval of the GMS			
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	The PRESIDENT OF THE BOARD OF DIRECTORS shall be informed of any request for participation in the general meeting of the shareholders.			
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.	The quarterly and semi-annual financial reports include both Romanian and English information on key factors that affect changes in sales, operating profit, net profit and other relevant financial ratios from quarter to quarter, as well as from one year to another.			
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.	The information presented during the organization of meetings / teleconferences with analysts and investors will be published in the Investor Relations section of the company's website at the dates of the meetings / teleconferences.			

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.	According to the CODE OF CONDUCT the provisions for donations and sponsorships are presented on the site in the section: About us - CORPORATE GOVERNANCE.			
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Chief Executive Officer,

Ing. Popescu Adrian

Chief Economical and Accountancy Officer,

Ec.Vaduva Cristianas

ISO 9001
ISO 14001
OHSAS 18001

AD-2000 WO/W4
TRD 100/102
Vd TUV

LRS
DNV
GL-RULES

5CT-0440
5L-0352

PED 97/23/EC
EN 10297

EN 10210-1,2
EN 10255

DIN 1629
EN 10210

ISO/TS 16949

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