

To:  
**Financial Supervisory Authority**  
Financial Instruments and Investments Sector

Bucharest Stock Exchange

### **CURRENT REPORT**

In compliance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations and Regulation no. 5/2018 on issuers of financial instruments and market operations

**Date of the report:** October 17<sup>th</sup>, 2019

**Name of issuer:** SSIF BRK Financial Group SA

**Headquarters:** Cluj-Napoca, 119 Moșilor Street, Cluj County

**Telephone/fax no:** 0364-401.709/0364-401.710

**Tax Identification Code:** 6738423

**Trade Register no/date:** J12/3038/1994

**Subscribed and paid share capital:** RON 54,039,987.04

**Regulated market where issued securities are traded:** Bucharest Stock Exchange, - Premium Tier, market symbol: BRK

### **Important events to be reported: Stage of compliance with the provisions of the Corporate Governance Code of the Bucharest Stock Exchange**

SSIF BRK Financial Group S.A. ("BRK") applied the corporate governance system that should ensure fair, efficient and prudent management, based on the principle of business continuity. In this meaning, the company has adopted several procedures regarding the continuity of activity, which are transmitted to the FSA.

SSIF BRK Financial Group S.A. analyzed the degree of compliance of the company with the provisions of the new BVB Corporate Governance Code, which became applicable on January 4, 2016, and the compliance status is presented in the Annex.

SSIF BRK Financial Group S.A. has developed internal organizational structures, but also procedures and rules that support the observance of the principles of corporate governance. This system assures an optimal level of transparency for both shareholders and investors in order to make informed decisions. In each of our annual reports, the compliance with corporate governance standards has been detailed and the information that is the subject of this disclosure has been brought to the shareholders, investors and third parties attention through our website ([www.brk.ro](http://www.brk.ro)) in the dedicated section - "Investor Relations".

Our company pays great importance to the development and continued compliance of corporate governance standards. The BRK Financial Group will continue to forward current reports of compliance with the BVB Corporate Governance Code.

**Monica Ivan**

Vice Chairman of the Board

## DECLARATION ON THE APPLICATION OF THE CORPORATE GOVERNANCE PRINCIPLES

	Provisions in the Corporate Governance Code	In Accord	In disaccord	The reason for nonconformity
A1	The company must have an <b>internal Council regulation</b> that includes terms of reference / responsibilities of the Board and the key management functions of the company and which applies, inter alia, the General Principles of Section A.	x		
A2	<b>Provisions for managing conflicts of interest should be included in the Council Regulation.</b> Members of the Council must notify the Council of any conflicts of interest that have arisen or may arise and refrain from attending the discussion (including by not presenting, unless the failure to attend would hamper the formation of the quorum) and the vote for adoption a ruling on the issue giving rise to the conflict of interest concerned.	x		
A3	<b>The Board of Directors</b> or the Supervisory Board must be composed of <b>at least 5 members.</b>	x		
A4	<b>Most members of the Board of Directors should not have executive functions.</b> At least one member of the Board of Directors or the Supervisory Board should be independent of Standard Category companies. In the case of Premium Category companies, not less than two non-executive members of the Board of Directors or the Supervisory Board must be independent. Each independent member of the Board of Directors or the Supervisory Board, as the case may be, must file a statement at the time of his nomination for election or re-election, and when any change of his status occurs, indicating the elements on the basis of which he is declared independent in terms of character and judgment.	x		
A5	Other relatively permanent commitments and obligations of a member of the Board, including executive and non-executive positions in the Board of Nonprofit Companies and Companies, should be disclosed to potential shareholders and investors prior to nomination and during their term in the office.	x		
A6	Any member of the Board of Directors should report to him / her on any report with a shareholder holding directly or indirectly shares representing more than 5% of all voting rights. This obligation refers to any report that may affect the position of the member on matters decided by the Board.	x		
A7	The company must designate a Council Secretary responsible for supporting the work of the Council.	x		
A8	The Corporate Governance Statement will inform whether an evaluation of the Council has taken place under the chairmanship of the President or the nomination committee and, if so, will summarize the key measures and the resulting changes. The company must have a policy / guidance on the Committee's assessment of the purpose, criteria and frequency of the evaluation process.	x		

	Provisions in the Corporate Governance Code	In Accord	In disaccord	The reason for nonconformity
A9	<b>The corporate governance statement</b> should contain information on the number of meetings of the Council and committees over the past year, <b>the participation of administrators</b> (in person and in absentia) and a report by the Council and committees on their activities.	X		Information on the participation of administrators in person and in absentia in Council meetings was not included in the annual report.
A10	<b>The corporate governance statement</b> should include information on the exact number of independent members of the Board of Directors or the Supervisory Board.	X		
A11	The Board of Premium Companies should set up a nomination committee made up of non-executive members to lead the nomination process of new members in the Board and make recommendations to the Board. Most members of the nomination committee must be independent.	X		Most members of the nominating committee are not independent.
B1	<b>The Board should set up an audit committee</b> in which at least one member should be a non-executive independent member. Most members, including the Chairman, must have demonstrated that they have appropriate qualifications relevant to the functions and responsibilities of the Committee. At least one member of the audit committee must have proven and appropriate audit or accounting experience. In the case of Premium Category companies, the audit committee must be composed of at least three members and the majority of the members of the audit committee must be independent.		X	The company has set up an audit committee consisting of two members.
B2	The chair of the audit committee shall be an independent non-executive member.	X		
B3	Within its responsibilities, the audit committee must carry out an annual assessment of the internal control system.	X		
B4	The assessment should take into account the effectiveness and scope of the internal audit function, the adequacy of the risk management and internal control reports submitted to the Council's audit committee, the promptness and effectiveness with which executive management addresses the deficiencies or weaknesses identified in the audit internal and the submission of relevant reports to the Board.	X		
B5	The audit committee should assess the conflicts of interest in relation to the transactions of the company and its subsidiaries with related parties.	X		
B6	The audit committee must assess the effectiveness of the internal control system and the risk management system.	X		
B7	The Audit Committee should monitor the application of generally accepted legal standards and the internal audit standards. The audit committee must receive and evaluate internal audit team reports.	X		
B8	Whenever the Code mentions reports or analyzes initiated by the Audit Committee, they must be followed by periodic reports (at least annually) or ad hoc reports to be submitted to the Council.	X		
B9	No shareholder may be granted preferential treatment to other shareholders in connection with transactions and agreements between company and shareholders and their affiliates.	X		

	Provisions in the Corporate Governance Code	In Accord	In disaccord	The reason for nonconformity
B10	The Council must adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relationships with a value equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved By the Council following a obligatory opinion of the Board's Audit Committee and properly disclosed to shareholders and potential investors, to the extent that such transactions fall within the category of events subject to reporting requirements.	X		
B11	Internal audits should be performed by a separate structural division (internal audit department) within the company or by hiring an independent third party.	X		
B12	In order to ensure the main functions of the internal audit department, it must report functionally to the Board via the audit committee. For administrative purposes and within the management's responsibility to monitor and mitigate risks, it must report directly to the General Director.	X		
C1	The company must publish the remuneration policy on its website and include a statement on the implementation of the remuneration policy in the annual report during the annual period under review.	X		
C1	The remuneration policy should be formulated in such a way as to enable shareholders to understand the principles and arguments underpinning the remuneration of the members of the Board and of the General Director as well as the directors in the dualist system. It should describe how to process the process and make decisions on remuneration, detail the components of executive management's remuneration (such as salaries, annual bonuses, long-term incentives related to shareholder value, benefits in kind, pensions, etc.) and describe the purpose, principles and assumptions underlying each component (including general performance criteria for any form of variable remuneration). In addition, the remuneration policy must specify the duration of the contract of the executive director and the period of notice stipulated in the contract, as well as any compensation for unjustified revocation.	X		
C1	The remuneration report should present the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period under review.	X		
C1	Any essential change in remuneration policy must be published in a timely manner on the company's website.	X		
D1	The company must organize an Investor Relations Service - made known to the general public through the responsible person (s) or organizational unit. In addition to the information required by law, the company must include on its website a section dedicated to Investor Relations, in Romanian and English, with all relevant information of interest to investors, including:	X		

	Provisions in the Corporate Governance Code	In Accord	In disaccord	The reason for nonconformity
D1.1	The main corporate regulations: the constitutive act, the procedures regarding the general meetings of the shareholders;		X	The method of participation of the shareholders in the general meetings respectively of expressing the votes within them is presented in the constitutive act of the company.
D1.2	The professional CV's of members of the company's governing bodies, other professional engagements of Board members, including executive and non-executive positions in boards of directors in companies or non-profit institutions;	X		
D1.3	Current reports and periodic reports (quarterly, semestrial and annualy) - at least those set out in point D.8 - including current reports with detailed information on non-compliance with this Code;	X		
D1.4	Information on general shareholders' meetings: agenda and information materials; The procedure for electing the members of the Council; The arguments supporting the candidates' proposals for election to the Council, together with their professional CVs; Shareholders' questions about agenda items and company responses, including decisions taken;	X		
D1.5	Information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of the rights of a shareholder, including deadlines and principles applied to such operations. Such information will be applied within a timeframe that will allow investors to make investment decisions.	X		
D1.6	The names and contact details of a person who will be able to provide relevant information upon request;	X		
D1.7	Company presentations (e.g., investor presentations, quarterly results, etc.), financial statements (quarterly, semestrial, annualy), audit reports, and annual reports.	X		
D2	The company will have a policy on the annual distribution of dividends or other benefits to shareholders proposed by the General Director or the Board and adopted by the Council in the form of a set of guidelines that the company intends to follow regarding the distribution of net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.	X		
D3	The company will adopt a policy regarding the forecasts, whether they are made public or not. The forecasts refers to quantified conclusions of studies aimed at determining the overall impact of a number of factors for a future period (the so-called hypotheses): by its nature, this projection has a high level of uncertainty, the actual results may differ materially from Forecasts originally presented. The forecast policy will determine the frequency, timing and content of the forecasts. If published, forecasts can only be included in the annual, half-yearly or quarterly reports. The forecasting policy will be published on the company's website.		X	The criterion does not apply.

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D4	The rules of general shareholders' meetings should not limit the participation of shareholders to general meetings and the exercise of their rights. Changes to the rules will enter into force at the earliest, starting with the next shareholders meeting.	X		
D5	External auditors will be present at the general shareholders' meeting when their reports are presented at these meetings.	X		
D6	The Board will provide the Annual General Meeting of Shareholders with a brief assessment of the internal control and risk management systems as well as opinions on matters subject to the decision of the general meeting.	X		
D7	Any specialist, consultant, expert, or financial analyst may attend the shareholders' meeting on the basis of a prior invitation from the Board. Accredited journalists may also attend the general meeting	X		
D8	The quarterly and half-yearly financial reports will include both Romanian and English information on the key factors influencing changes in sales, operating profit, net profit and other relevant financial ratios from quarter to quarter, as well as from one year to another.	X		
D9	A company will hold at least two meetings / teleconferences with analysts and investors each year. The information presented on these occasions will be published in the investor relations section of the company's website at the dates of the meetings / teleconferences		X	The company did not organize teleconferences with analysts and investors, so they were not announced via the financial calendar, but is considering in the future the possibility of organizing such teleconferences.
D10	If a society supports different forms of artistic and cultural expression, sporting activities, educational or scientific activities and considers that their impact on the innovative character and the competitiveness of society is part of its mission and development strategy, it will publish the activity policy in this area.	X		At society level, there is no express policy regarding the support of various forms of artistic and cultural expression. However, current reports were transmitted whenever the company was involved in such activities.

**Monica Ivan**

Vice Chairman of the Board