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Compliance or Not with the New Corporate Governance Code. A Survey at Bucharest Stock Exchange

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Abstract

The study had as objectives, first, the analysis of the degree of compliance with the Corporate Governance Code by the Romanian companies listed on the Bucharest Stock Exchange, from a specific field, but also the identification of potential benefits resulting from the adoption of Corporate Governance Code. According to the survey, none of the companies in the sample complies 100% with the provisions of the new Corporate Governance Code, so measures are required regarding compliance, increased transparency and dissemination of information, and increased reaction speed of companies with changes in regulations.

Keywords

BSE, Compliance, Corporate Governance Code, survey, Statement of compliance

JEL Codes: M14, M42, M41

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1. Introduction

Corporate governance initially emerged in the United States in 1970 and is a set of rules by which organizations are run and controlled (Cadbury Report, 1992). The World Bank considers that corporate governance aims to bring to the fore the interests of all stakeholders. The main definition is given by Adrian Cadbury, who stated that "corporate governance is the way companies are run and controlled." Another definition is provided by the Organization for Economic Co-operation and Development (OECD), which states that corporate governance represents "a set of relationships between the management of a company, its board of directors, shareholders and other stakeholders. Corporate governance is also seen as a structure by which objectives are determined and performance is monitored". The parents of corporate governance are considered Adolf Berle and Gardiner Means. On the other hand, the literature (Dumitrascu *et al.*, 2015) considers that "the problem of corporate governance arises especially in large organizations, such as public companies and listed companies, whose shareholding and control are separate".

Corporate governance has become a concept that has managed to attract a strong public interest due to its obvious importance for the overall health of companies, but also for society as a whole, in the context of continuous growth of competitiveness and increasing mobility of financial flows, in an era of globalization. The concept of corporate governance was adopted in the European Union especially after 1997, when most countries have adopted corporate governance codes. Corporate governance is a topical topic, which is why it has been widely debated in the literature.

2. Literature review

Corporate governance is implemented both at the country level and at the company level. At company level, it is the result of the choices that companies make within the limits of their legal systems (Institute of Directors, 2009). Good corporate governance is when stakeholders get what they reasonably expected. Bad governance is when they get something they never expected. Some authors support the idea that the term corporate governance has two meanings. The first refers to the behavioral models, the current behavior of corporations, as measured by performance, efficiency, growth, financial structure and the treatment of shareholders and other stakeholders. The second refers to the normative framework, the rules according to which companies operate, with norms that come from sources, such as the legal system, financial markets, as well as labor markets (Claessens *et al.*, 2012). Other authors identify two distinct models of corporate governance: the majority shareholder model and the ordinary shareholder model (Gourevitch, 2005).

In the Romanian specialized literature, corporate governance is becoming an increasingly important topic much debated. If some authors have written books on this subject (Ghiță, 2008; Morariu *et al.*, 2008; Ghiță *et al.*, 2009; Voicu, 2010; Nicolaescu, 2011), others conducted studies through which they approach particular aspects of corporate governance,

including those regarding transparency practices financial and information dissemination (Răileanu *et al.*, 2011; Achim, 2013; Albu *et al.*, 2013; Berheci, 2013; Ionescu, 2015 etc.). There are authors who argue that through corporate governance the entire organization is managed by accepting the functioning of all internal components, as well as implementing risk management, financial management and internal control system, including internal audit (Ghita, 2008) others claim that corporate governance is understood the system by which companies are run and controlled (Morariu *et al.*, 2008), and other authors consider corporate governance as a branch of the economy that studies how companies can become more efficient through the use of institutional structures, such as constitutive acts, organizational charts and legislative framework (Apostol, 2013).

If some authors argue that in Romanian the term "governance" is synonymous with that of "leadership", and the term "corporate" comes from the word "body", in the whole idea, from whence, where it turns out that the term "Corporate governance" induces the idea of managing the entire organization (Berhenci, 2013), others claim that this concept came under the auspices of intense confrontations of the multiple theories that have as an object all the relationships established throughout the existence of an economic entity (Apostol, 2015). The first Corporate Governance Code in Romania was issued in 2001, and in 2008 the Bucharest Stock Exchange adopted a new one, which was based on the principles of the Organization for Economic Cooperation and Development regarding corporate governance. This was applied voluntarily by the companies traded on the stock exchange, which drew up the "Apply or Explanation" Statement, in which the implemented recommendations were specified, but also the method of implementation (Apostol, 2015).

As of January 4, 2016, the New Corporate Governance Code of the Bucharest Stock Exchange is in force, the purpose of which is to create in Romania an attractive capital market internationally, based on best practices, transparency and trust. "This new Code replaces the original Code that was issued in 2001 and revised in 2008. The change with the new Code came from the desire to take into account the lessons learned from applying the first versions of the Code and from changing the legal framework in Romania and from Europe, as well as the new aspirations of cleverness and stakeholders (stakeholders) regarding the obligations and conduct of companies. The objective of the Corporate Governance Code of the Bucharest Stock Exchange is to increase the confidence in the listed companies, by promoting improved corporate governance standards in these companies".

3. Methodology of research

The sample on which the research will be conducted is made up of the Romanian companies listed on the Bucharest Stock Exchange, field of activity, according to CAEN code (0910) - Service activities annexed to the extraction of crude oil and natural gas This research is based on the study of reports and information published on its own web sites by companies. Within this range there are currently 10 companies, from which only 8 of them are available for transaction from each company's Summary page available on the BSE website. The research aims at analysing the reporting of the corporate governance of the Romanian companies listed on the Bucharest Stock Exchange in the light of their statements, notably the Declaration of Compliance with the Corporate Governance Code of the Bucharest Stock Exchange.

Wishing to highlight important information on the research issue and analysing in depth these issues, the research carried out falls within the type of qualitative research. The subject of the research is represented by the detailed description of the reports published by the Romanian companies listed on the Bucharest Stock Exchange in general and the degree of adoption of the corporate governance policies regarding the practices of financial transparency and dissemination of information at these companies, particular.

The method of data collection was the non-participatory observation method, the collection of data being accomplished both by taking information on the reports published on company websites and by taking over the reported information in the Statement of Compliance with the Code of Conduct Corporate Governance by companies listed on the Bucharest Stock Exchange. Since the Statement of Compliance with the Corporate Governance Code is being drawn up starting with the financial year 2016 in 2015, and its drafting is optional, due to the related transition period, we will consider the 2017 reference period. This research has taken place in 22 May-18 June 2019. The data source is represented by public information provided by companies on their own site or posted on the Bucharest Stock Exchange website.

Table 1. The companies listed at BSE

No.	Name	Symbol BSE	BSE	No of employees
1.	Comprep S.A Ploiești	COTN	Trading	155
2.	Dafora S.A	DAFR	Suspended	317
3.	Foraj Sonde S.A Videle	FOJE	Trading	165
4.	Foraj Sonde S.A Craiova	FOSB	Trading	562
5.	Foraj Sonde S.A Ernei	FOSP	Trading	141

No.	Name	Symbol BSE	BSE	No of employees
6.	Rompetrol Well Services S.A	PTR	Trading	164
7.	S.N.G.N Romgaz S.A	SNG	Trading	6.046
8.	OMV Petrom S.A	SNP	Trading	13.322
9.	Sticloval S.A Vălenii de Munte	STOZ	Trading	24
10.	Talc Dolomita S.A Hunedoara	TALD	Suspendend	31

Source: Data available on companies' website and BSE website

4. Data analysis

Following the analysis performed on the Declarations of Conformity with the Corporate Governance Code of the Bucharest Stock Exchange, of the 10 entities in the field of the extractive industry we found the following aspects. An analysis could only be carried out on 9 companies out of 10 because, Talc Dolomita SA Hunedoara is suspended from the Bucharest Stock Exchange and the last Corporate Governance Declaration identified is for 2016, and the site does not provide users with sufficient information to carry out the study in advance.

Table 2. Analysis of the requirements of the BVB Corporate Governance Code

The requirements of the BVB Corporate Governance Code		Complies	Does not complies/ the information is not specified
A.1	All companies must have a Council internal regulation that includes the terms of reference/responsibilities of the Board and the key management functions of the company, and which apply, inter alia, the General Principles of Section A.	Foraj Sonde S.A Ernei/ Foraj Sonde S.A Videleoraj Sonde S.A Craiova/ Rompetrol S.A Romgaz S.A/ OMV Petrom S.A Sticloval S.A	Comrep S.A Dafora S.A
A.2	The CA regulation should include provisions for conflict of interest management. The members of the Council must notify the Council of any conflicts of interest that have arisen or may occur and refrain from participating in discussions (including by not presenting, unless the presence would prevent the formation of a quorum) and from voting for adoption a decision on the issue that gives rise to the respective conflict of interest.	Foraj Sonde S.A Ernei Foraj Sonde S.A Craiova Rompetrol S.A Romgaz S.A OMV Petrom S.A	Comrep S.A Dafora S.A Foraj Sonde S.A Videle Sticloval S.A
A.3	The Board consists of at least five members.	Rompetrol S.A./Romgaz S.A OMV Petrom S.A	The other 6 companies
A.4	Most board members must have no executive function. Not less than two non-executive members of the Board of Directors must be independent. Each independent member of the Board must submit a statement at the time of his/her nomination for election or re-election, as well as when any change in his status occurs, indicating the elements on which he is considered to be independent in terms of his character and judgment. and according to the following criteria:	Rompetrol S.A (parțial) Romgaz S.A OMV Petrom S.A	Comrep S.A Dafora S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Sticloval S.A
A.4.1	(The Independent member)-Is not the General Manager/Executive Director of the company or of a company controlled by it and has not held such a position for the last five (5) years;	None	All 9 companies
A.4.2	(The Independent member) is not an employee of the company or of a company controlled by it and has not held such a position for the past five (5) years;	None	All 9 companies
A.4.3	(The Independent member) It does not receive and has not received additional remuneration or other benefits from the company or a company controlled by it, other than those corresponding to the non-executive director status;	None	All 9 companies
A.4.4	(The Independent member) Is not or was not the employee or did not have or had during the previous year a contractual relationship with a significant shareholder of the company, a shareholder who controls over 10% of the voting rights, or with a company controlled by him;	None	All 9 companies
A.4.5	(The Independent member) Has and has not had a business or professional relationship with the company or a company	None	All 9 companies

The requirements of the BVB Corporate Governance Code		Complies	Does not comply/ the information is not specified
	controlled by it in the previous year, either directly or as a client, partner, shareholder, member of the Board/Administrator, general director/executive director or employee of a company if, by its very nature, this report can affect its objectivity;		
A.4.6	(The Independent member) It is not and has not been during the last three years the external or internal auditor or partner or employee of the current external financial auditor or the internal auditor of the company or of a company controlled by it;	None	All 9 companies
A.4.7	(The Independent member) It is not the general director/executive director of another company where another general director/executive director of the company is a non-executive director;	None	All 9 companies
A.4.8	(The Independent member) He has not been a non-executive director of the company for more than twelve years;		Comrep S.A Dafora S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Romp petrol S.A Romgaz S.A OMV Petrom S.A Sticloval S.A
A.4.9	(The Independent member) Has no family ties with a person in the situations mentioned in points A.4.1. and A.4.4		Comrep S.A Dafora S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Romp petrol S.A Romgaz S.A OMV Petrom S.A Sticloval S.A
A.5	Other relatively permanent professional commitments and obligations of CA members, including executive and non-executive positions on the Board of non-profit companies and institutions, should be disclosed to potential shareholders and investors prior to their appointment and during their term of office.	Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Romp petrol S.A Romgaz S.A OMV Petrom S.A Sticloval S.A	Comrep S.A Dafora S.A Foraj Sonde S.A Ernei
A.6	Any member of the Board of Directors must submit information to the Board regarding any report with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation refers to any kind of report that may affect the member's position on matters decided by the Board.	Comrep S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Romp petrol S.A Romgaz S.A OMV Petrom S.A Sticloval S.A	Dafora S.A
A.7	The company must appoint a secretary of the Council responsible for supporting the activity of the Council.	Foraj Sonde S.A Ernei Romp petrol S.A (parțial) Romgaz S.A OMV Petrom S.A	Comrep S.A /Dafora S.A Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Sticloval S.A
A.8	The corporate governance statement will inform if a CA evaluation has taken place under the chairmanship of the Chairman or	Foraj Sonde S.A Ernei Foraj Sonde S.A Videle	Comrep S.A Dafora S.A

The requirements of the BVB Corporate Governance Code		Complies	Does not comply/ the information is not specified
	nominating committee and, if so, will summarize the key measures and changes resulting from it. The company must have a policy/guideline regarding the evaluation of the CA including the purpose, criteria and frequency of the evaluation process.	Rompetrol S.A Romgaz S.A OMV Petrom S.A	Foraj Sonde S.A Craiova Sticloval S.A
A.9	The corporate governance statement must contain information on the number of meetings of the CA and the committees during the last year, the participation of the directors (in person and in the absence) and a report of the CA and the committees on their activities.	Comrep S.A Foraj Sonde S.A Ernei Rompetrol S.A Romgaz S.A OMV Petrom S.A	Dafora S.A Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Sticloval S.A
A.10	The corporate governance statement must contain information on the exact number of independent members in the Board.	Rompetrol S.A/Romgaz S.A OMV Petrom S.A	The other 6 companies
A.11	The Board must establish a nominating committee consisting of non-executive members, which will lead the procedure for appointing new members to the Board and make recommendations to the Board. Most members of the nominating committee must be independent.	Romgaz S.A	The other 8 companies
B.1	The Board of Directors must establish an audit committee in which at least one member must be an independent non-executive director. The audit committee must consist of at least three members and the majority of the audit committee members must be independent. Most members, including the chairman, must have proven to have adequate qualification 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.	Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Rompetrol S.A (parțial) Romgaz S.A OMV Petrom S.A	Comrep S.A Dafora S.A Sticloval S.A
B.2	The chairman of the audit committee must be an independent non-executive member.	Foraj Sonde S.A Ernei/ Rompetrol S.A/Romgaz S.A	The other 6 companies
B.3	Within its responsibilities, the audit committee must carry out an annual evaluation of the internal control system.	Foraj Sonde S.A Ernei/ Rompetrol S.A (parțial)/ Romgaz S.A/ OMV Petrom	Comrep S.A/Dafora S.A/ Foraj Sonde S.A Videle/ Foraj Sonde S.A Craiova/ Sticloval S.A
B.4	Evaluation from B.3. must consider the effectiveness and comprehension 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 the executive management resolves the weaknesses or weaknesses identified as a result of the internal control and submission of relevant reports to the attention of the Council.	Rompetrol S.A (parțial) Romgaz S.A OMV Petrom S.A	Comrep S.A Dafora S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Sticloval S.A
B.5	The audit committee must evaluate conflicts of interest in relation to the transactions of the company and its subsidiaries with related parties.	Rompetrol S.A (parțial) Romgaz S.A OMV Petrom S.A	Comrep S.A /Dafora S.A/ Foraj Sonde S.A Ernei Foraj Sonde S.A Craiova/ Sticloval S.A
B.6	The audit committee must evaluate the effectiveness of the internal control system and the risk management system.	Rompetrol S.A (parțial) Romgaz S.A OMV Petrom S.A	The other 6 companies
B.7	The audit committee should monitor the application of legal standards and generally accepted internal audit standards. The audit committee must receive and evaluate the reports of the internal audit team	Rompetrol S.A Romgaz S.A OMV Petrom S.A	The other 6 companies
B.8	The Audit Committee must report periodically (at least annually) or ad hoc to the CA on reports or analyzes initiated by the committee.	Rompetrol S.A Romgaz S.A OMV Petrom S.A	The other 6 companies
B.9	No shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements	Dafora S.A Rompetrol S.A	Comrep S.A/Foraj Sonde S.A Ernei/Foraj

The requirements of the BVB Corporate Governance Code		Complies	Does not comply/ the information is not specified
	concluded by the company with shareholders and their affiliates.	Romgaz S.A OMV Petrom S.A	Sonde S.A Videle Foraj Sonde S.A Craiova, Sticloval S.A
B.10	The Board must adopt a policy to ensure that any transaction of the company with any of the companies with which it has close relationships whose value is equal to or greater than 5% of the company's net assets (according to the latest financial report) is approved de CA following an obligatory opinion of the audit committee and correctly disclosed to the shareholders and potential investors, to the extent that these transactions fall into the category of events that are subject to reporting requirements.	Comrep S.A Foraj Sonde S.A Ernei Romgaz S.A OMV Petrom S.A	Dafora S.A Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Romp petrol S.A Sticloval S.A
B.11	Internal audits must be performed by a structurally separate division (internal audit department) within the company or by hiring an independent third party entity	Foraj Sonde S.A Ernei/Foraj Sonde S.A Craiova/Romp petrol S.A, Romgaz S.A/OMV Petrom S.A/Sticloval S.A	Comrep S.A Dafora S.A Foraj Sonde S.A Videle
B.12	The Internal Audit Department must report functionally to the Council through the Audit Committee. For administrative purposes and within the management's obligations to monitor and reduce risks, it must report directly to the Director General.	Romp petrol S.A Romgaz S.A	The other 8 companies
C.1	The company must publish the remuneration policy on its website. The remuneration policy must be formulated in such a way as to enable the shareholders to understand the principles and arguments underlying the remuneration of the members of the Board and of the General Manager. Any essential change in the remuneration policy must be published in good time on the company's website. The company must include in the annual report a statement regarding the implementation of the remuneration policy during the annual period that is the subject of the analysis. The remuneration report should present the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period that is the subject of the analysis.	Comrep S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Romgaz S.A Sticloval S.A	Dafora S.A Foraj Sonde S.A Craiova Romp petrol S.A OMV Petrom S.A
D.1	The company must organize a Investor Relations service - indicating to the general public the person / persons responsible or the organizational unit. In addition to the information required by the legal provisions, 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:	All 9	
D.1.1	The main corporate regulations: the articles of incorporation, the procedures regarding the general meetings of the shareholders.	Dafora S.A/Foraj Sonde S.A Ernei/Romp petrol S.A (parțial)/OMV Petrom S.A Sticloval S.A	Comrep S.A Foraj Sonde S.A Videle
D.1.2	The professional CVs of the members of the management bodies of the company, other professional commitments of the members of the Board, including executive and non-executive positions in the boards of directors of companies or non-profit institutions	The other 8 companies	Foraj Sonde S.A Videle
D.1.3	Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information on non-compliance with the Corporate Governance Code of the BSE	Tej pther 7 companies	Foraj Sonde S.A Videle Foraj Sonde S.A Craiova
D.1.4	GMS information: agenda and informative materials; the procedure for the election of the CA members; the arguments that support the candidates' proposals for election to the CA along with their professional CVs; shareholder questions regarding the items on the agenda and the company's answers, including the decisions adopted.	Comrep S.A /Dafora S.A Foraj Sonde S.A Ernei/Foraj Sonde S.A Craiova/Romp petrol S.A/Romgaz S.A/OMV Petrom S.A/Sticloval S.A	Foraj Sonde S.A Videle

The requirements of the BVB Corporate Governance Code		Complies	Does not comply/ the information is not specified
D.1.5	Information on corporate events (payment of dividends and other distributions to shareholders, other events leading to the acquisition or limitation of the rights of a shareholder) including the deadlines and principles applied to these operations. The respective information will be published within a timeframe that will allow investors to make investment decisions.	Comrep S.A /Foraj Sonde S.A Ernei/Foraj Sonde S.A Craiova/Rompetrol S.A/ Romgaz S.A/ OMV Petrom S.A/ Sticloval S.A	Dafora S.A Foraj Sonde S.A Videle
D.1.6	Name and contact details of a person who will be able to provide, upon request, relevant information;	Dafora S.A/ Rompetrol S.A Romgaz S.A/ OMV Petrom S.A/ Sticloval S.A	Comrep S.A/ Foraj Sonde S.A Ernei/Foraj Sonde S.A Videle/Foraj Sonde S.A
D.1.7	Company presentations (eg investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports.	Dafora S.A, Rompetrol S.A Romgaz S.A, OMV Petrom S.A, Sticloval S.A	Comrep S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle, Foraj Sonde S.A Craiova
D.2	The company will have a policy regarding the annual distribution of dividends or other benefits to shareholders, proposed by the General Manager and adopted by the Board in the form of a set of guidelines that the company intends to follow regarding the distribution of the net profit. The principles of the annual distribution policy to shareholders will be published on the company's website.	Foraj Sonde S.A Videle Foraj Sonde S.A Craiova Rompetrol S.A Romgaz S.A OMV Petrom S.A Sticloval S.A	Comrep S.A Dafora S.A Foraj Sonde S.A Ernei
D.3	The company will adopt a policy regarding forecasts, whether they are made public or not. The forecasting policy will determine the frequency, the period considered and the content of the forecasts and will be published on the company's website	Romgaz S.A OMV Petrom S.A Sticloval S.A	The other 6 companies
D.4	The rules of the GMS should not limit the participation of the shareholders in the general meetings and the exercise of their rights. Amendments to the rules will enter into force at the earliest, starting with the next shareholders meeting.	The other 7 companies	Comrep S.A Foraj Sonde S.A Ernei
D.5	External auditors will be present at the GMS when their reports are presented at these meetings.	Rompetrol S.A / Romgaz S.A/ OMV Petrom S.A	The other 6 companies
D.6	The CA will present a brief assessment on the internal control systems and significant risk management, as well as opinions on issues subject to the decision of the general meeting.	Rompetrol S.A Romgaz S.A OMV Petrom S.A	The other 6 companies
D.7	Any specialist, consultant, expert or financial analyst can attend the GMS based on a prior invitation from the CA. Accredited journalists may also participate in the GMS, unless the President of the Board decides otherwise.	Rompetrol S.A Romgaz S.A OMV Petrom S.A	The other 6 companies
D.8	Quarterly and half-yearly financial reports will include information in both Romanian and English on key factors influencing changes in sales level, operating profit, net profit and other relevant financial indicators, from quarter to quarter, and from year to year.	Dafora S.A Foraj Sonde S.A Craiova Rompetrol S.A Romgaz S.A, OMV Petrom S.A	Comrep S.A Foraj Sonde S.A Ernei Foraj Sonde S.A Videle Sticloval S.A
D.9	The company will organize 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 website on the date of the meetings/ teleconferences.	Rompetrol S.A (parțial) Romgaz S.A OMV Petrom S.A	The other 6 companies
D.10	If a company supports different forms of artistic and cultural expression, sports activities, educational or scientific activities and considers that their impact on the innovative character and competitiveness of the company is part of its development mission and strategy, it will publish the activity policy its in this area	Rompetrol S.A Romgaz S.A OMV Petrom S.A	The other 6 companies

5. Results

We found that 78% of the sample studied has an internal Council regulation that includes terms of reference/its responsibilities and the key management functions of the company. Also, 5 of the 9 companies included in the regulation of the Board of Directors provisions for the management of conflicts of interests, the members of the board assume the responsibility to notify the Council of any changes that have taken place from the point of view of the conflicts of interests and must refrain from at any discussion, 4 companies did not adopt these provisions or chose not to specify the information in the Corporate Governance Statement or in the Internal Regulations.

Following the analysis performed on the 9 companies I noticed that the most compliant are: Rompetrol SA, Romgaz SA, OMV Petrom SA, very big companies with a monopoly on the market, but who choose to fulfill their duty towards the users of information, putting them they have all the information they need. These 3 entities have a minimum of 5 members in the Board of Directors, members of which appear from position A4 that they do not have an executive function. It is mandatory that at least 2 members of the 5 must be independent and submit a declaration at the time of its nomination for election or re-election, or whenever a change occurs. For subdivisions A.4 the companies did not provide information anymore.

In section A5, other relatively permanent professional commitments and obligations of the members of the Board of Directors, including executive and non-executive positions in the board of a non-profit company or institution, to be disclosed to potential shareholders and investors, are adopted by 6 entities out of a total of 9. We have noted that 8 of the 9 comply with the specification that the members of the Board of Directors must present information regarding any report of a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights, the one that does not apply being Dafora S.A. Out of the total studied only 44% chose to appoint a secretary of the Council to be responsible for supporting the activity, while 56% choose to inform through the Corporate Governance Statement if an evaluation of the Board of Directors has taken place under the leadership of the President or of the nominating committee and will summarize the key measures and changes resulting from it.

In the case of 5 entities, the Corporate Governance Statement contains information on the number of meetings of the Board and committees in the last year, the degree of participation of the administrators as well as a report of the Council and the committees on their activities. Again the 3 monopoly companies, namely Rompetrol S.A, Romgaz S.A and OMV Petrom S.A choose to include in the above-mentioned Declaration, information regarding the exact number of independent members of the Council. The last section A11, is adopted only by Romgaz S.A which stipulates that the Board of Directors will set up a nominating committee made up of non-executive members. In section B, dedicated to the audit committee, we identify the following: 6 companies from the studied ones have set up by the Council an audit committee in which at least one member must be an independent non-executive director. This committee must be made up of at least 3 independent members; the majority of the members as well as the chairman must prove that they have an adequate qualification, relevant to their functions and responsibilities. Comrep S.A, Dafora S.A and Sricloval S.A are the 3 companies that do not apply this provision.

In the case of Foraj Sonde S.A Ernei, Rompetrol S.A and Romgaz S.A respectively, the chairman of the audit committee is an independent non-executive member, the other 6 entities do not apply or do not provide this information. OMV Petrom S.A, companies in which the audit committee carries out an annual evaluation of the internal control system are added to the 3 entities. In section B4, this time without Rompetrol S.A, the evaluation considers the effectiveness and the comprehension of the internal control function, the adequacy of the management reports and the risk of internal control presented to the audit committee of the Council. Regarding the evaluation of conflicts of interest regarding the transactions of the company and its subsidiaries with the affiliated parties by the audit committee, only 3 companies apply this requirement, namely: Rompetrol S.A (partially), Romgaz S.A and OMV Petrom S.A.

All the 3 companies in the sample of 9 studied are the only ones that comply with the following provisions:

- The audit committee evaluates the efficiency of the Internal Control system and the risk management system.
- The audit committee should monitor the application of legal standards and generally accepted internal audit standards. The audit committee must receive and evaluate the reports of the internal audit team.
- The Audit Committee must report periodically (at least annually) or ad hoc to the CA on the reports or analyzes initiated by the committee.

In 44% of cases, no shareholder may be granted preferential treatment over other shareholders in connection with transactions and agreements concluded by the company with the shareholders and their affiliates. Also in 44% of cases,

the Board of Directors adopts a policy to ensure that any transaction of the company with any of the companies with which it has close relationships whose value is equal to or greater than 5% of the company's net assets.

This time Comrep S.A, Dafora S.A and Foraj Sonde S.A Videle do not apply the provision according to which the internal audits must be carried out by a structurally separated division within the company or by hiring an independent third party entity. The last section B, which directly follows the activity of the audit committee, is applied by Rompetrol S.A and Romgaz S.A, within which the internal audit department must report functionally to the council through this audit committee.

Rompetrol S.A and Romgaz S.A comply with the requirements and the internal audit department reports functionally to the Council through the audit committee for administrative purposes and within the obligations of management to monitor and reduce risks.

A very important consideration is adopted by 56% of the sample studied, which states that: companies publish on their website the remuneration policy. The remuneration policy must be formulated in such a way as to enable the shareholders to understand the principles and arguments underlying the remuneration of the members of the board of directors and the General Manager. Any essential change in the remuneration policy must be published in due time on the website. The companies include in the annual report a statement regarding the implementation of the remuneration policy during the annual period that is the subject of the analysis. The remuneration report should present the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period that is the subject of the analysis.

Section D1 is dedicated to investor relations and seems to have been adopted by all the companies studied. In detail this refers to: raising awareness of the responsible person / persons or the organizational unit to the general public. In addition to the information required by the legal provisions, 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. Section D1 comprises 7 subdivisions which I will detail below and this time I will indicate the companies that do not apply these provisions, because most of them choose to comply with these requirements, which is why I will highlight those companies that have a minus to this chapter and which do not make the following issues available to the general public:

The main corporate regulations: the constitution, the procedures regarding the general meetings of the shareholders: Comrep S.A and Foraj Sonde S.A Videle.

- The professional CVs of the members of the management bodies of the company, other professional commitments of the members of the Board, including executive and non-executive positions in the boards of directors of companies or non-profit institutions: Foraj Sonde S.A Videle.

- Current reports and periodic reports (quarterly, half-yearly and annual) - at least those referred to in point D.8 - including current reports with detailed information regarding non-compliance with BVB's Corporate Governance Code: Foraj Sonde SA Videle and Foraj Sonde SA Craiova.

- GMS information: agenda and informative materials; the procedure for the election of the CA members; the arguments that support the candidates' proposals for election to the CA along with their professional CVs; shareholder questions regarding the items on the agenda and the company's answers, including the decisions adopted: Foraj Sonde S.A Videle.

- Information on corporate events (payment of dividends and other distributions to shareholders, other events leading to the acquisition or limitation of the rights of a shareholder) including the deadlines and the principles applied to these operations. The respective information will be published within a timeframe that will allow investors to make investment decisions: Dafora S.A and Foraj Sonde S.A Videle.

Name and contact details of a person who will be able to provide, upon request, relevant information: Comrep S.A, Drilling Sonde S.A Ernei, Drilling Sonde S.A Videle, respectively Drilling Sonde S.A Craiova.

- Company presentations (eg investor presentations, quarterly results presentations, etc.), financial statements (quarterly, half-yearly, annual), audit reports and annual reports: Comrep SA, Foraj Sonde SA Ernei, Foraj Sonde SA Videle and Foraj Probe SA Craiova.

Out of the total studied 67% of the companies have a policy regarding the annual distribution of dividends or other benefits to the shareholders, proposed by the General Manager and adopted by the Board of Directors in the form of a set of guidelines that the company intends to follow regarding the distribution of the net profit. Romgaz S.A, OMV Petrom S.A and Sticloval S.A have adopted a policy regarding forecasts.

6. Conclusions

Out of the total studied 67% of the companies have a policy regarding the annual distribution of dividends or other benefits to the shareholders, proposed by the General Manager and adopted by the Board of Directors in the form of a set of guidelines that the company intends to follow regarding the distribution of the net profit. Romgaz S.A, OMV Petrom S.A. and Sticloval S.A have adopted a policy regarding forecasts.

Thus, the study had as objectives, first, the analysis of the degree of compliance with the Corporate Governance Code by the Romanian companies listed on the Bucharest Stock Exchange, from a specific field, but also the identification of potential benefits resulting from the adoption of Corporate Governance Code. According to the survey, none of the companies in the sample complies 100% with the provisions of the new Corporate Governance Code, so measures are required regarding compliance, increased transparency and dissemination of information, and increased reaction speed of companies with changes in regulations.

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Glossary

BSE Bucharest Stock Exchange