

CORPORATE GOVERNANCE STATUTES

1. Preamble

S.C. Teraplast S.A. (hereinafter referred to as "**Teraplast**" or "**Company**"), as Company listed on Bucharest Stock Exchange has in view the application of the most adequate standards on corporate governance for the purpose of assuring the compliance with the legislation in force.

Teraplast believes that the good practices in the field of corporate governance have an extremely important role in the protection of shareholders' rights and these Corporate Governance Statutes of the Company were conceived as a material which helps the investors.

2. Corporate Bodies

2.1. The Corporate Bodies of Teraplast are structured as follows: the General Meeting of Shareholders, which is the highest decision-making forum of the Company, the Board of Directors and the Executive Management Board. Teraplast is a Company managed in unitary system by the Board of Directors.

2.2. General Meeting of Shareholders ("AGA")

Teraplast has implemented internal procedures regarding the organization and carrying out of AGA, and rules which govern its legal statutory activity, according to the Articles of Incorporation and the legislation in force.

The General Meeting of Shareholders (AGA) is the management body, which decides on the activity of Teraplast and assures its economic and commercial policy. The General Meeting of Shareholders can be Ordinary or Extraordinary and is carried out in the Company city of residence.

2.2.1. The Assignments of the Ordinary General Meeting of Shareholders (AGOA) are:

- a. discusses, approves or changes the annual financial statements, based on the reports presented by the Board of Directors, as applicable, the financial auditor and sets the dividend;
- b. elects and revokes the members of Board of Directors;
- c. sets the remuneration due for the current office of the members of the Board, if it was not established by the Articles of Incorporation, taking into account the specific duties and economic situation of the company;
- d. pronounces on the management of the Board;
- e. appoints and sets the minimum duration of the financial audit agreement and revokes the financial auditor;
- f. establishes the income and expenses budget and as applicable, the activities program for the next fiscal year;
- g. decides the pledging, rental or dissolution of one or several Company units;
- h. decides regarding the legal action against directors and managers for damages caused to the company by violation of their duties towards the Company;

2.2.2. *The main assignments of the Extraordinary General Meeting of Shareholders („AGEA”) are:*

- a. changing the legal form of the Company;
- b. changing the Company office in another county;
- c. changing the activity object of the Company;
- d. increasing the share capital;
- e. reduction of share capital or its reunification by issuing new shares;
- f. merger with other companies or demerger;
- g. anticipated dissolution of the Company;
- h. conversion of registered shares into bearer shares or conversion of bearer shares into registered shares;
- i. conversion of shares from one category to another;
- k. conversion of a category of bonds into another category or into shares;
- l. the issue of bonds;
- m. any other change of the Articles of Incorporation or any other decision which requires the approval of the Extraordinary General Meeting of Shareholders;
- n. approves the acts of acquisition, alienation, exchange or guarantee of assets from the category of fixed assets of the Company whose value exceeds individually or cumulatively during a fiscal year 20% of total fixed assets less the receivables;
- o. approves the rentals of tangible assets for a period larger than one year, whose individual or cumulated value towards the same co-contractor or stakeholders or persons who act jointly exceeds 20% of the total fixed assets less the receivables at the date of conclusion of legal act and the associations for a period larger than one year, which exceed the same value;

2.2.3. *Quorum and majority requirements*

a. The Ordinary General Meeting of Shareholders is duly constituted and can make resolutions if, at the first call, the present or represented shareholders hold at least half plus one of the total number of voting rights. The resolutions of the Ordinary General Meeting are made with the majority of cast votes and, at the second call, it can deliberate on the items on the agenda of the first meeting, regardless of the quorum fulfilled, and make resolutions with the majority of cast votes.

b. The Extraordinary General Meeting of Shareholders is duly constituted and can make resolutions if, at the first call, the present shareholders hold at least half plus one of the total number of voting rights and if, at the second call, the present shareholders represent at least one quarter of the total number of voting rights. The resolutions are made with the majority of votes held by the present or represented shareholders. The resolutions for changing the main object of activity of the company, reduction or increase of share capital, changing the legal form, merger, demerger or dissolution of the Company are made with a majority of at least two thirds of the voting rights held by the present or represented shareholders.

2.2.4. The convening process

The General Meeting of Shareholders is convened by the Board of Directors whenever it is necessary. The Ordinary General Meeting meets at least once a year within 4 months from the end of the fiscal year at the latest, for examination of the balance sheet and profit and loss account for the previous year and for establishing the activity program and the budget for the current year.

The General Meeting of Shareholders will be called by publication of the notice of meeting in the Official Gazette of Romania, Part IV, in a widespread newspaper from the town where the Company has its office, in a national widespread newspaper and in the Bulletin of the National Securities Commission.

The notice of meeting will be transmitted under the form of a current Report to the National Securities Commission and Bucharest Stock Exchange and published on the website of the company, at least 30 days before the date set for the Ordinary and Extraordinary General Meeting of Shareholders, held at first call.

The notice of meeting will contain the name of the issuer, the place, date and time of the meeting, the agenda, with the explicit mentioning of all the issues which will be debated by the meeting, the reference date for the shareholders entitled to be notified and to vote in the General Meeting, the date of the second call of the General Meeting, the deadline by which the applications can be submitted, if the election of directors is listed on the agenda, the method of distribution of documents and information on the issues included on the agenda of the General Meeting and the date when they will become available, the method of obtaining the special power of attorney for representation in the General Meeting of Shareholders, the deadline and place where the special powers of attorney will be submitted/received, and the proposal regarding the registration date.

The reference date is by at least 4 working days subsequent to the date of publication in press of the notice calling the General Meeting and it is prior to the deadline by which the special powers of attorney can be submitted / dispatched to the Company.

The powers of attorney will be submitted in original, at least 48 hours before the Meeting, under the sanction of losing the right to vote in that Meeting. The powers of attorney will be withheld by the Company by making a mention about it in the meeting report.

When on the agenda there are proposals for amending the articles of incorporation, the notice of the meeting will contain the full text of proposals.

When the appointment of directors is on the agenda, in the notice of the meeting it will be mentioned that the list of information with the names, residence and professional qualification of the persons proposed for the position of director is available to shareholders and can be consulted and completed by the shareholders.

The shareholders who individually or jointly represent at least 5% of the share capital have the right to demand the introduction of new issues on the agenda. The requests will be presented to the Board of Directors within 15 days at the latest after the date of the notice of meeting, to bring them to the knowledge of the other shareholders by registered letter. The agenda completed with the issues proposed by shareholders, after the calling, must be brought to the knowledge of the other shareholders with the fulfilment of requirements provided by the articles of incorporation for the

calling of the General Meeting, at least 10 days before the General Meeting, at the date mentioned in the initial notice to attend.

The General Meeting is called at the request of shareholders who represent individually or jointly at least 5% of share capital if the request contains provisions which fall in the assignments of the Meeting and will be called within 30 days at the latest and will meet within maximum 60 days at the latest of receipt of the request.

The General Meeting of Shareholders meets at the office of the Company or in another place from the same town.

2.2.5. Procedure

Teraplast has established and implemented the Internal Regulations for organization and deployment of meetings, which impose specific assignments for different structures and departments of the company within the organization of the General Meeting of Shareholders. These Regulations have the purpose to regulate the whole internal circuit of documents and the external process which consists of correct information of Company shareholders regarding the issues related to the called meetings.

The company has a department designed for relations with investors, a department responsible for the application of procedure of information and interaction with investors/shareholders. The Department for the Relationship with Investors can be contacted at the phone number +40 752 101 639 or e-mail at: comunicare@teraplast.ro.

In addition to the Internal Regulations, Teraplast fully complies with the legal provisions which regulate the process of carrying out the General Meeting of Shareholders in case of listed Companies.

2.3. Board of Directors (“BoD”)

2.3.1. Among the assignments of BoD there are:

- a. establishment of main directions of activity and development of the Company;
- b. establishment of the accounting and financial control system and the approval of financial planning;
- c. appointment and revoking of managers and establishment of their remunerations taking into account the specific duties and economic situation of the Company;
- d. supervision of managers' activity;
- e. preparation of the annual report, the organization of the General Meeting of Shareholders and implementation of its resolutions;
- f. introduction of petition for opening the insolvency proceedings against the company, according to the Law no. 85/2006 on insolvency proceedings;
- g. assures the management of Company's business;
- h. approves the organizational structure and organization chart of the Company;
- i. approves the creation of advisory committees, appoints their members and their assignments;
- j. determines the principles and policies of hiring and dismissal of Company staff, including executive directors;

- k.** establishes the remuneration principles of hired staff, depending on their role and responsibilities in the Company;
- l.** approves the marketing strategy;
- m.** defines the strategy for implementation of approved budget;
- n.** gives the shareholders access to documents and information, in the limit of legal provisions;
- o.** approves the conclusion in the Company name of any legal acts, except those which require the approval of Ordinary/Extraordinary General Meeting of Shareholders, according to the law;
- p.** appoints and revokes the General Manager of the company and the other managers;
- q.** establishes the number of Managers and the organization of their activity;
- r.** establishes concretely which of the general competences of the Board of Directors are delegated to Managers;
- s.** represents the Company in the relations with Managers;

2.3.2. Structure

The Board of Directors is made of five members, most of them non-executive directors. The structure of BoD observes the provisions of Companies Law no. 31/1990 regarding the number of independent members of BoD. Therefore, at least one member of the Board of Directors is independent.

The candidates for the positions of director are proposed by the current members of the Board or by the shareholders. The dismissal of the Board members is made by the General Meeting of Shareholders. The Chairman of the Board of Directors is elected by BoD members.

The mandate of BoD members can be given for a period of four years and they can be reelected. If one of the positions from BoD becomes a vacancy, the Board of Directors can appoint an interim member until the next call of the General Meeting of Shareholders or will call the General Meeting of Shareholders to elect a new member.

2.3.3. Quorum and majority

The Board of Directors can made resolutions in the presence of at least three members, with the majority of votes of Board members who participate in the meeting or who are represented in the meeting. In case of a second ballot, the Chairman of the Board of Directors or the authorized person empowered by the Chairman to preside the meeting will not have the decisive vote, the decision subject to voting is rejected.

2.3.4. Meetings of the Board of Directors

The Meetings of the Board of Directors can be called anytime, but in any case, will be held at least quarterly by:

- a.** The Chairman of the Board;
- b.** Two members of the Board;
- c.** The General Manager;

The notice calling a meeting of the Board of Directors will be transmitted to directors before the meeting date, and the deadline will be established by Resolution of the Board of Directors. The notice calling a meeting will include the date,

time and place where the meeting will be held and the agenda. For the issues which are not on the agenda the Board can make decisions only in emergency situations.

The participation in the meetings of the Board can take place through remote means of communication, e-mail, teleconference, videoconference, and any other remote means of communication which makes possible the identification of participants and the continuous retransmission of deliberations. In this case, the decisions of the Board are made with the vote cast in writing of majority of Board members.

2.4. Executive Management (“Managers”)

2.4.1. The Board of Directors delegates the company management to one or more managers, by appointing one of them General Manager. The managers will be appointed by the Board of Directors which will establish their rights and obligations.

2.4.2. The Company Managers will assure a correct circuit of corporate information; for this purpose they have the obligation to propose the Board of Directors the adoption of a procedure regarding the internal circuit and the disclosure to third parties of documents and information related to the Company, by paying a special importance to the information which can influence the evolution of market price of securities issued by the Company.

2.4.3. Among the duties of Managers there are:

- a)** the management board approves the conclusion of important leasing agreements (regardless whether the Company has the capacity of Owner or Tenant);
- b)** the management board negotiates the collective employment agreement together with the representatives of employees;
- c)** the management board establishes the development strategy and policies of the Company, including the organization chart of the Company and establishes the operational departments;
- d)** the management board signs legal acts with third parties in the name and account of the Company, with observance of the Articles of Incorporation regarding the double signature and the observance of issues reserved to the competence of the General Meeting of Shareholders or Board of Directors;
- e)** the management board hires and dismisses, establishes the tasks and responsibilities of the Company staff, according to the staff policy of the Company;
- f)** the management board takes all the necessary and useful measures for the Company management, for the daily administration of each department or delegated by the General Meeting of Shareholders or by the Board of Directors, except for those reserved to the General Meeting of Shareholders or the Board of Directors by the law or by the Articles of Incorporation;
- g)** the management board makes recommendations to shareholders regarding the distribution of profit;

2.5. Legal representatives of Teraplast and delegation of powers

In relations with third parties, Teraplast is represented and bound by the signature of General Manager.

The managers of branches or other subunits of the Company will not have the capacity to represent the company in commercial transactions, unless such a capacity is given to them expressly by a power of attorney, according to the Articles of Incorporation.

3. Transparency

Being a company admitted for trading, Teraplast is continuously subjected to information requirements regulated by the capital market rules. In order to make the information process more efficient and accessible to investors, Teraplast has established strict internal procedures. Moreover, on its website (www.teraplast.ro), Teraplast created a special section (Investors) where any investor can easily access relevant information about the Company. Thus, the Company elaborates and implements an efficient and transparent policy in its relationship with investors.

4. The rights of shareholders

Teraplast is firmly committed to assure a fair treatment to all shareholders. The main rights of shareholders in relation to the General Meeting of Shareholders are presented below.

a) the right to a minimal notification period: the shareholders of the Company are informed about a future meeting of shareholders by the notice of the meeting published in Official Gazette of Romania and in a newspaper of national distribution at least 30 days before the meeting date; the notice calling a meeting is also published on the Company website, in the section Investors and is submitted to the Financial Supervisory Authority and to the Bucharest Stock Exchange under the form of a current report;

b) the right of access to information: Teraplast publishes the documents and necessary information on its website to make sure that all its shareholders exercise their rights in full knowledge of the matters;

c) the right to supplement the agenda of the meeting: The shareholders Teraplast who represent individually or together with other shareholders at least 5% of the share capital can request the addition of supplementary issues on the agenda in the limits and according to the provisions of laws in force;

d) the right to participate in the meeting: The shareholders registered in the Register of Shareholders at the reference date have the right to participate in person or by representative in the Company's General Meetings of Shareholders;

e) the voting rights: The share capital of the Company is represented by ordinary shares which give one voting right for each share registered in the name of the shareholder at reference date;

f) the right to ask questions: Any shareholder of the Company can ask written questions regarding the issues on the agenda of the General Meeting of Shareholders and has the right to receive answers from Teraplast.

5. Prevention of abuse of market

The members of the Board and the members of the Executive Management Board and the persons who are in close relations with them (the latter term defined by the capital market regulations as "the person in close relations with persons in management positions") have to report to the Executive Management, the Board of Directors and the Financial Supervisory Authority (ASF), within 5 working days from the date of any and all transactions/businesses made in own name with shares or other securities issued by Teraplast and accepted for trading on regulated markets;

This rule applies to members of Board of Directors or the persons who are in close relationships with them. In addition, the Board of Directors members and the Managers have to keep strictly confidential from third parties in relation to the deliberations of the Board of Directors and Executive Management Board.

The members of the Board of Directors and Executive Management Board and any person who is in close relations with them have the obligation to observe the laws and regulations which govern the transitions in the stock exchange and the corporate regulations of Teraplast, including regarding the way in which the transactions made by the initiated persons and those made by management bodies are treated.

In this respect, the heads of departments who carry out activities in the confidentiality scope ("confidentiality scope") must make sure that the members of these departments accept in writing the duties and responsibilities resulting from the statutory and legal provisions and declare in writing that they have knowledge of the sanctions which will apply in case of wrong use or inadequate dissemination of confidential information.

Moreover, according to the Internal Regulations of the Company, the contracts concluded with natural or legal persons who provide services to Teraplast and who could have access to confidential information must include their declaration with the purpose of assuring the knowledge of those contractors about the restrictions imposed by the legislation on capital markets in Romania regarding the use and dissemination of confidential information and will observe those restrictions.

Moreover, Teraplast pays a special attention to the restricted trading periods and trading restrictions. Thus, whether they are in possession of confidential information, the initiated persons cannot get involved in transactions with financial instruments issued by Teraplast 30 days before the planned date for the publication of interim financial reports or the annual financial report. The dates are published in the financial calendar posted on Teraplast website in the section Relation with Investors/Financial Calendar.

6. Conflict of interests

Teraplast has established and implements internal policies which regulate the identification of existing or potential conflicts of interests and the taking of any preventive measures in this respect. According to these policies, a conflict of interests intervenes in the case or circumstances in which the personal direct or indirect interest of an employee or a person who works for Teraplast (including without limitation to the members of corporate bodies) contravenes the interests of Teraplast, and this situation endangers the capacity of those persons to act accordingly.

In practice, according to Internal Regulations, the Managers have to inform immediately the Board of Directors about any material personal interest they have regarding the transactions made by Teraplast or by any company from the group with which Teraplast has business relationships and any conflict of interests. Without the approval of the Board of Directors, the Managers are not allowed to run a business or get involved in own name or on account of third parties, in business in the same field of activity as Teraplast, are not allowed to hold other companies or legal entities as partner with individual responsibility.

The Managers have to request the approval of the Board of Directors for secondary professional commitments. In the adoption of a decision in this respect, the Board of Directors will take into consideration the number of secondary

professional commitments and their impact on the position held in Executive Management Board and on the Company's image.

As for the Board of Directors, its members cannot take positions in decision-making bodies of more than 5 joint-stock companies. In case of a conflict of interests, the members of the Board of Directors have the obligation to immediately disclose it to the Chairman of the Board.

7. Transactions between affiliates. Major transactions

According to the Capital Market Law, the managers of a company listed in the stock exchange have to immediately disclose any transaction concluded by the Company with Managers or with members of the Board of Directors, with employees, majority shareholders and with other persons in relations with those mentioned above, if the total value of these transactions represent at least the equivalent in lei of the amount of 50,000 Euro. In addition, in the conclusion of transactions with the persons mentioned above, they will observe the fair treatment principle.

Apart from the observance of the legal provisions with general character, Teraplast has established and implemented internal policies which regulate in detail the internal procedure regarding the disclosure of transactions between affiliates.