



Corporate Governance

TMK-RESITA (the Company) constantly endeavours to ensure that its activities comply with global standards of openness and financial transparency. This approach promotes the Company's credibility in the eyes of investors, partners and state authorities.

Beginning with the 1st of March 2006, the major shareholder of **the Company** (the firm Sinara Handel GmbH) has become the property of OAO TMK, the second producer of pipes in the world. TMK is a public company, registered in the Russian Federation and listed to the London and Moscow Stock Exchange.

TMK's corporate governance has considerably improved due to the reorganizing of the Company into an open joint-stock company and the preparation of the consolidated financial statements in accordance with international standards.

The corporate governance in all of TMK's companies is based on respect of the rights and legitimate interests of its stakeholders. It encourages effective corporate activities, including increases in the value of the Company's assets, the creation of jobs and sustainment of the Company's financial stability and profitability.

Being consequent with the corporate governance principles of TMK, **the Company** has defined its own principles, in full compliance with the Romanian legislation and following, at the same time, TMK's corporate governance principles.

The main principles of corporate governance of the Company are:

- Shareholders should fully participate in the management of **the Company** through shareholder meetings;
- Shareholders should take part in **the Company's** profits;
- Shareholders should benefit from high liquidity levels for stock transactions;
- Corporate management shall provide timely disclosure of full and true information about **the Company**, including its financial status, economic indicators and the ownership and management structure, in order to provide shareholders and investors with the ability to make well-founded decisions in real time;

Cod : FCU-01, Rev 1/2007



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ISO 14001



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- The Sole Administrator, that is accountable to shareholders for the administration of the company, is responsible for the strategic management of **the Company** and exercise effective control over the activities of the executive bodies of the Company;
- The Sole Administrator shall decide over the strategic decisions of the Company and exercise effective control over the financial and economic activities of **the Company**;
- The meetings of the Sole Administrator shall review all the important points(decisions);
- All executive bodies shall act in accordance with the financial and economic goals of **the Company**;
- The remuneration of the executive directors must be made according to their qualifications and taking into account their actual contribution to **the Company's** results;
- Tight control must be exercised over the confidentiality of information;
- In order to ensure the effectiveness of the operations, the management bodies shall always consider the interests of a third party, including the Company's creditors, government and municipal institutions on the territory of which the **Company's** subsidiaries are located;
- The management bodies of the Company must promote the interests of its employees to ensure effective operation of **the Company**;
- The cooperation between **the Company** and third parties must be encouraged in order to increase the value of the Company's assets, the price of its stock, for the creation of new jobs, and assuring of the support for the Company's profitability and financial stability .

The corporate governance is based on respect of the rights and legitimate interests of its shareholders. It effectively promotes the corporate activities, including increases in the value of the Company's assets, the creation of jobs and support of the Company's financial stability and profitability.

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J 28/9/1991; VAT No: RO 1510210/1992;

Subscribed and Deposited Share Capital: 30.792.730,20 RON

In 2006 **the Company** has adopted a growth strategy and has formulated the strategic vision for its development, in full compliance with the strategic principles of TMK for the period 2005-2015.

The main strategic objectives that were announced:

- realizing a rentability degree superior to the maximum cost level;
- the increase of the Company's value through the presence on the global market;
- the development of the economical investments which assure maximizing of the realized profit.

The main considerations of the Company in determining the composition of its business portfolio:

- the attractiveness of the underlying business;
- the protection of the environment;
- the ability to achieve and maintain a leading position;
- the ability to assure a superior rate of profitability for the employed capital;
- the proven track-record;
- the potential synergy of the business in the portfolio;
- the ability to finance the chosen course of development of the business.

Fully persuaded that a key element for improving the economical efficiency is represented by a good corporate governance, **the Company** tries to offer the motivation for reaching the objectives that are in the interest of its components and in the interests of their shareholders, as well as a monitoring that is able to assure an efficient use of the resources.

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