

**INTERNAL RULES OF PROCEDURE REGARDING THE  
ORGANIZATION AND FUNCTIONING OF THE CONSULTATIVE  
COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS**

## CONTENTS

<b>CHAPTER</b>	<b>CONTENT</b>	<b>PAGE</b>
<b>CHAPTER 1</b>	<b>Legal framework related to the setting up, organization and functioning of the consultative committees established within the Board of Directors</b>	<b>3</b>
<b>CHAPTER 2</b>	<b>Name of the Consultative Committees</b>	<b>3</b>
<b>CHAPTER 3</b>	<b>Organization, functioning and powers of the Consultative Committees</b>	<b>3</b>
<b>CHAPTER 4</b>	<b>The structure of the Consultative Committees set up within the Board of Directors</b>	<b>8</b>
<b>CHAPTER 5</b>	<b>Final provisions</b>	<b>9</b>

## CHAPTER 1

### LEGAL FRAMEWORK RELATED TO THE ESTABLISHMENT, ORGANIZATION AND FUNCTIONING OF THE CONSULTATIVE COMMITTEES

- Law no. 31/1990 on the companies, republished, further amendments and completions;
- Law no. 111/2016 for approving the Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises;
- Law no. 24/2017 regarding the issuers of financial instruments and market operations and other applicable documents;
- Corporate Governance Code of the Bucharest Stock Exchange;
- The Articles of Incorporation of CONPET S.A. (updated at 18.12.2018);
- Organizational and Operational Rules and Regulations governing the Board of Directors (approved by the OGMS and updated pursuant to BoD Decision no. 10/12.05.2022).

## CHAPTER 2

### NAME OF THE CONSULTATIVE COMMITTEES

- 1. The Nomination and Remuneration Committee;**
- 2. The Audit Committee;**
- 3. The Committee for Development and Relation with the Investors and Authorities.**

## CHAPTER 3

### ORGANIZATION, FUNCTIONING AND POWERS OF THE CONSULTATIVE COMMITTEES

#### A. Organization and functioning of the Consultative Committees

Within the Board of Directors shall be established Consultative Committees, in accordance with Art. 34 of GEO no. 109/2011 on corporate governance in public enterprises and the provisions of Art. 19 Para. (5) of the Articles of Incorporation of the Company, the members thereof being appointed by decision of the Board of Directors.

The Audit Committee and the Nomination and Remuneration Committee are mandatory, as per the legal provisions in force. According to the Articles of Incorporation, the Board of Directors may constitute, by decision, other consultative committees, in various area of expertise, depending on the Company's management needs and strategy.

In order to develop and maintain certain best practices of activity management, within the Board the Directors are established, at present, three committees aimed at supporting it in fulfilling its responsibilities. These committees have consultative role, with organization and functioning rules defined by the present internal regulation.

The Consultative Committees shall include minimum 3(three) non-executive administrators. Each Consultative Committee shall be led by a President, appointed from among its members. At least one member of each consultative committee must be an independent non-executive administrator. The Audit Committee and the Nomination and Remuneration Committee shall include solely independent members.

The Committees shall convene at least twice every year, or whenever required, upon the initiative of the President of the Committee, or on the request of any member, usually at the Company's headquarters or in any other location jointly selected, in order to fulfill the tasks falling within their competence. The Audit Committee shall convene at least four times per year.

The meetings of the Consultative Committees shall be deemed as statutory if at least 2 (two) members are present (directly or by proxy), and the proposals/recommendations submitted to the Board of Directors (required to substantiate its decisions) shall be adopted by the majority of votes expressed (including the votes expressed by proxy).

The Company's management staff and/or other experts may be invited to attend the meetings, so that they may contribute to solving the issues submitted for review, as may be required.

After analyzing the issues subject to the attention of the Consultative Committees/Consultative Committee, by the executive management/administrative, as appropriate, a note/report shall be drawn up to the BoD, including statements regarding activities (consultations, surveys, etc.) and proposals, measures, recommendations, endorsement, as appropriate. The report shall be submitted to the Board of Directors in due time, before its meeting.

The mandate of the Consultative Committees' members shall be valid for the period in which they have the capacity of administrators and for the same duration as the one of administrator, usually of 4 years. The mandate of the Consultative Committees' members who have fulfilled their duties accordingly may be renewed, if the mandate of administrator is also renewed.

In case of vacancy within the Consultative Committees, a new member shall be appointed from among the administrators, by complying with the legal provisions, so any change in the

nominal structure of non-executive administrators within the Board of Directors shall be followed by Decision of the Board of Directors regarding the nomination of the members of the Consultative Committee, namely determining the composition thereof.

The Company's executive management shall ensure access of the members of the Consultative Committees to any data necessary to fulfill the responsibilities thereof.

The members of the Consultative Committees are bound to exercise their mandate as a prudent, diligent and loyal administrator, in the interest of the Company. All members of committees, as well as guests to their meetings shall keep confidentiality of all information obtained in relation to the documents reviewed, as well as to comply with the privileged information regime.

Each member of the Committees should ensure strict confidentiality of all information that he receives on the performance of its functions and shall maintain strict confidentiality of all such information to the extent that they were not disclosed to the public otherwise.

Administrators have duty of loyalty to the Company and shall endeavor to avoid conflicts of interest, defined as situations where their personal interests and professional goals interfere with taking measures in the interest of the Company and the shareholders and their role as Administrator.

Members of the Committees should notify the president of the committee and the other members 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 resolution on the issue which gives rise to such conflict of interest.

The Administrators are required to declare any actual or potential conflict of interest at the start of the Committee meetings and not to take part in any deliberation of the Committee on operations in respect of which the conflict of interest exists.

If a transaction on which an administrator has an actual or potential conflict of interests can not be avoided, the transaction or commercial relationship with the Company will be addressed with appropriate caution and in a fully transparent way.

The powers and responsibilities of the Consultative Committees shall be established by the Board of Directors.

The following consultative committees shall be established within the Board of Directors:

- The Audit Committee;



---

- The Nomination and Remuneration Committee;
- The Committee for Development and Relation with the Investors and Authorities.

Convening to the meetings of consultative committees are usually submitted five days before the meeting and contain information on the agenda, date, time and place/way of conduct (at the Company's headquarters, conference call other place agreed upon). Depending on the topics, the Consultative committees may meet in joint session.

## **B. Powers of the Consultative Committees**

### **1. The Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall include 3 (three) non-executive administrators. Most members of the Committee must be independent non-executive administrators and the President of the Committee will be an independent non-executive administrator.

The Nomination and Remuneration Committee shall be a permanent committee with advisory role, directly subordinated to the Company's Board of Directors. This Committee shall be responsible for evaluation, advising and preparation of proposals for the nomination of the members of the Board of Directors and the directors with mandate contract, as well as for monitoring and implementing the remuneration policy at Company's level.

The Nomination and Remuneration Committee shall analyze all the proposals related to the appointment of administrators, submitted by the shareholders, the BoD or the executive management. At the same time, the committee shall be entitled to submit its appointment proposals for the Board of Directors. All the nomination proposals submitted by the BoD to the General Meeting of Shareholders are accompanied by a recommendation of the Nomination and Remuneration Committee or of the BoD. The proposal must contain: the mandate term, relevant data on the professional skills of the candidate, a list of current/previous positions held by the candidate, as well as the specification of compliance of the independence criterion.

Remuneration policies and strategies shall be consistent with the business strategy, objectives, values and long-term interests of the Company. The remuneration policy of the administrators and directors with mandate contract shall consider the following aspects:

- motivating the BoD members and directors with mandate contract to continue/target the long-term development and success of the Company;
- establishing a well-defined relation between performance and remuneration;



- the fixed allowance must be established based on the labor market conditions and size of the business carried out by the Company
- the variable allowance shall be established in conjunction with performance indicators degree of achievement approved by the OGMS.

The main responsibilities/powers of the Nomination and Remuneration Committee are:

- to coordinate the process of selecting/choosing the members of the BoD in order to be chosen/appointed by the OGMS for the selected positions according to provisions of EGO no. 109/2011;
- to recommend to the BoD candidates for the position of provisional administrator, up to the OGMS convening, or in case of vacancies within the BoD or for the administrator capacity, for election/nomination by the OGMS;
- to plan the identification of successors within the Board of Directors and promotion of a balanced mix of skills, according to the principles of composition of the Board;
- to assist the BoD by establishing principles for the selection of candidates for the position of members of the Board of Directors, the selection of candidates for election or re-election in the Board of Directors and make proposals submitted to the Board;
- to prepare and advance for proposal to the BoD the procedure for the selection of candidates for the position of Director with contract of mandate;
- to carry out the recruitment and selection process of directors with mandate contract if the BoD shall grant mandate to him in this regard, according to the provisions of EGO no. 109/2011;
- to evaluate the overall professional skills, knowledge and professional experience at BoD level;
- to gather information regarding the improvement of the knowledge of the BoD members in order to apply the best corporate governance practices;
- to draw up proposals concerning any policy regarding remuneration of administrators and directors with mandate contract, including proposals regarding the amount and the conditions for granting fixed and variable allowances due to members of the BoD, as well as the general limits of the remunerations of directors with mandate contract, to be endorsed by the BoD and recommended for the approval of the GMS;

- to draw up proposals to the attention of the BoD on the remuneration of each director with mandate contract and other benefits granted to them, as well as proposals for remuneration of other executive positions, as appropriate;
- when establishing the remuneration for administrators and directors with mandate contract, the Nomination and Remuneration Committee shall comply with the principle of proportionality between the remuneration and the responsibility and time frame they spend for exercising their capacities;
- to identify the criteria and objectives regarding any performance-based remuneration schemes (benefits granted according to the law or the mandate contracts of administrators and directors), being authorized by the Board of Directors to request any item of information it considers necessary for the performance of its duties;
- to analyse, evaluate and propose to the Board of Directors any payment commitment or compensation to be provided in the mandate contract of the administrators/directors;
- to supervise the application of the principles of remuneration policy of the administrators and directors with contract of mandate and informs the Board of Directors about this, ensuring that the monthly remuneration is granted with proper justification proportionally with the degree of fulfillment of specific tasks and duties;
- to submit to the OGMS approving the annual financial statements, an annual report regarding the remuneration and other benefits granted to administrators and directors with mandate contract during the previous financial year, a report structured according to EGO no.109/2011 on corporate governance in public enterprises, updated;
- to analyse proposals for amendments of the Collective Labor Agreement applicable at the level of the Company;
- to develop the form and content of the mandate contracts of administrators and directors with mandate contract and proposes the addition/amendment by Addenda;
- to prepare the periodic performance evaluation of the members of the Board of Directors, using a self-evaluation process. The coordination of the Board's efficiency evaluation and implementation of improvement measures is the responsibility of the President of the Board;
- it may call upon the support of external experts, where needed, in order to fulfill its responsibilities.

## 2. The Audit Committee

It is a permanent and independent committee, directly subordinated to the Board of Directors, supporting the latter in fulfilling its internal audit responsibilities and its financial reporting responsibilities. At the same time, it holds advisory role regarding the Company's strategy and policy for internal and external financial audit, as well as regarding the control of the methods in which major risks are administered.

It includes at least 3 (three) members of the BoD. The Audit Committee members must be non-executive members of the BoD. The President of the Audit Committee must be an independent non-executive administrator and shall not be the same person with the Chairman of the BoD. The majority of the members of the audit committee should be non – executive administrators.

The members of the Audit Committee must have adequate experience in fulfilling their responsibilities and hold a clear understanding of this committee's role in conducting the internal audit. At least one member of the audit committee must have expertise in the application of the accounting policies or financial audit.

The main duties/responsibilities of the Audit Committee are:

- to formulate recommendations addressed to the Board of Directors regarding the company's strategy and policy in the field of internal control, internal audit and financial audit;
- to monitor the financial reporting process, being informed by the external auditor about the significant internal control deficiencies in this area;
- to examine and verify the annual and interim consolidated financial statements of the Company and any other reports of a financial nature, before they are forwarded to the Board of Directors for endorsement/approval;
- to be responsible for the selection procedure of the financial auditor or audit firm and to recommend to the General Meeting of Shareholders through the Board of Directors the company financial auditor/audit firm/firms to be appointed/designated pursuant to Art. 16 of Regulation (EU) no. 537/2014, unless the application of Art. 16 Para. (8) of Regulation (EU) no. 537/2014;
- to analyze the proposals of the executive management on the appointment, reappointment, revocation of the external financial auditor, and the terms and conditions of their remuneration.
- to make recommendations on the external financial auditor following to be validated by the BoD and to be submitted for approval of the OGMS;
- to monitor the efficiency of the internal control, internal audit and risk management systems within the company;
- to discuss and endorse the annual and multi-annual plan of public internal audit;

- to assess the Charter of Public Internal Audit;
- to monitor the activity of the internal auditors and financial auditors;
- to review and issue an opinion on the recommendations made by internal auditors;
- to verify and monitor the independence of the statutory auditor or the audit firm, and especially, the provision of additional services for CONPET S.A, if this is requested;
- to review, together with the financial auditors, the draft of financial statements, as well as the conditions for their preparation by the company (relevance of principles, methods and applied accounting standards, as well as internal procedures for collecting information);
- to ensure the quality of the audit and internal control and to make sure that the necessary measures are taken to address the identified weaknesses in the control and compliance activity as well as other issues identified by the auditors;
- to receive the audit reports, to analyze and periodically assess the findings and recommendations of the internal audit, as well as the plans for their implementation;
- to analyze and approve the normative documents elaborated by the Internal Audit before being submitted for approval;
- to examine the complaints about non-compliance with the Code of Ethics of the Internal Auditor and to propose to the Director General of the Company/Board of Directors the necessary measures;
- to check the compliance of the audit reports developed with the approved audit plan on the company level;
- to analyze and approve the Annual Report of the public internal audit activity;
- to approve the cooperation agreements with other public institutions regarding the performance of the public internal audit activity;
- to verify the statements included in the declaration of compliance/non-compliance with the provisions of the Corporate Governance Rules concerning the internal management control and risk management system;
- to meet with internal and external auditors at least once a year and to discuss issues related to audit processes, and in particular any deficiencies in internal control procedures;
- to annually examine the effectiveness of financial reporting, internal control and risk management system adopted by the company;



- to assess the efficiency level of risk management system, in terms of ensuring that the main risks (including those relating to fraud and compliance with related legislation and regulations) are correctly identified, managed and reported in accordance with the audit plan;
- to assist the company in the company-specific risk classification and the implementation and development of a risk management system, so that the risks faced by the company, as well as potential risks, are foreseen, correctly identified, managed and disseminated to the BoD;
- prior to the conclusion of 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 net assets of the Company (according to the latest financial report), the committee presents to the BoD an opinion related to it;

### **3. The Committee for Development and Relation with the Authorities**

The Committee for Development and Relation with the Investors and Authorities shall include 3 (three) members selected from among the members of the Board of Directors.

The Committee for Development and Relation with the Investors and the Authorities is responsible for analyzing, evaluating and making recommendations to the Board of Directors in adopting, by the BoD of well-founded decisions on strategies for development, modernization, economic financial, as well as for the establishment of the Company's strategic objectives and ways of achieving them.

It is an advisory committee whose business is to promote the Company's projects aimed at strengthening and increasing its performance, in conjunction with the strategy and objectives set out in the Administration Plan. Another main activity of the Committee is to monitor the cooperation with public authorities and assisting the Board of Directors.

The main duties/responsibilities of the Committee for Development and Relation with the Investors and Authorities are:

- to recommend the funding structure and the manner of mobilizing resources efficiently and in accordance with the management plan;
- to promote and enhance the visibility of the Company within the capital market;
- to enhance transparency and increase predictability of financial reporting;
- to analyze findings and penalties imposed by the authorities entitled to financial and fiscal control over the Company;

- to attend the events aiming at promoting and increasing the Company's visibility on the capital market;
- to analyze the presentation materials of the company that will be used in the external environment;
- to make proposals about the strategy and directions for approaching investor relations;
- to monitor the company meetings with analysts and investors;
- to assist the Board of Directors in fulfilling the responsibilities in the field of development and updating of the company development strategy;
- to make recommendations on the strategy and directions of medium- and long-term development of the company;
- to monitor the major development directions in the field on national and international level and to make recommendations for major themes to be considered with strategic impact in the company's development;
- to develop proposals on the efficiency improvement of the Company and to analyze the identified opportunities;
- to analyze the structure of the investment program (targets and centralized structure and list of independent facilities and equipment) and its amendment proposals and compliance with the provisions of the Budget and to make recommendations to the BoD, as appropriate;
- to analyze the procurement program and proposals for its amendment, as well as compliance with the provisions of the Budget and to make recommendations to the BoD, as appropriate;
- to analyze and monitor the progress of the annual investment and procurement program in order to meet the deadlines of the objectives and proposed activities;
- to monitor the initiatives of the Company to the regulatory and energy authorities on issues of technical, legal, etc., of its activity;
- to analyze the proposals for the regulatory framework and to submit them to the Board of Directors;
- to monitor the collaboration relations with public authorities and to support the Board of Directors in managing the cooperation policy;
- to periodically analyze the list of critical infrastructure objectives of CONPET SA and the established security measures;
- may represent the Company before the regulatory and energy authorities.

For fulfilling their responsibilities, the Consultative Committees may:

- request internal/external auditors, external advisers, company entities or external persons advice or assistance, if applicable;
- ask for any information that is required from employees or from third parties involved;
- organize meetings with the Company's managers, internal/external auditors or their external advisors as applicable.

For fulfilling their responsibilities and duties, the Consultative Committees shall consider the following documents, but are not limited to:

- The Administration Plan approved by the Board of Directors, including the management component drafted by each director with mandate contract;
- The financial and non- financial performance indicators approved by the GMS;
- The annual and multi annual programs related to different areas of the Company, brought to the attention of the BoD;
- Feasibility studies and equivalent documentation related to major investment projects, provided by the Company.

*Note: The Internal Rules of Organization and Functioning of Consultative Committees shall be updated according to the diversity and complexity of the monitored issues.*

## CHAPTER 4

### THE STRUCTURE OF THE CONSULTATIVE COMMITTEES ESTABLISHED AT THE LEVEL OF THE BOARD OF DIRECTORS

#### **1 THE NOMINATION AND REMUNERATION COMMITTEE**

- *Mr. Albulescu Mihai – Adrian - President;*
- *Members: Buică Nicușor – Marian, Gheorghe Cristian – Florin;*

#### **2 THE AUDIT COMMITTEE**

- *Mr. Buică Nicușor – Marian - president;*
- *Members: Kohalmi – Szabo Luminița – Doina, Albulescu Mihai – Adrian;*

#### **3 THE COMMITTEE FOR DEVELOPMENT AND INVESTORS AND AUTHORITIES RELATION**

- *Mrs. Tănăsică Oana – Cristina - president;*



- Members: Gheorghe Cristian – Florin, Kohalmi – Szabo Luminița – Doina;

## CHAPTER V FINAL PROVISIONS

The provisions of this Internal Rules of Procedure regarding of the Organization and Functioning of the Consultative Committees shall be legally binding for all the members of the Board of Directors. No member of the BoD of CONPET SA shall claim to the Company, its shareholders or third parties, any case of ignorance regarding his/her responsibilities and obligations, directly or indirectly incurred by this Rules of Procedure, in order to justify or be exempted from liability, of any kind, in relation to any acts non-compliant with this Rules of Procedure.

**This Internal Rules of Procedure regarding of the Organization and Functioning of the Consultative Committees established within the Board of Directors shall be complemented by all the regulations and provisions regarding the activity of internal audit and industry standards, as well as by all the other legal provisions in force applicable to CONPET S.A.**

**CHAIRMAN OF THE BOARD OF DIRECTORS  
of CONPET S.A. Ploiești**



*Note:*

***This Internal Rules of Procedure regarding the Organization and Functioning of the Consultative Committees established within the BoD has been approved pursuant to BoD Decision no. 16 dated 22.08.2022***

