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

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## **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;
- GEO no. 109/2011 on the corporate governance of public enterprises, further amendments and completions;
- 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.;
- Organizational and Operational Rules and Regulations governing the Board of Directors.

## **CHAPTER 2**

### **NAME OF THE CONSULTATIVE COMMITTEES**

- 1. The Nomination and Remuneration Committee;**
- 2. The Audit Committee;**
- 3. Risk Management Committee;**
- 4. 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 GEO no. 109/2011 on the corporate governance of public enterprises and the provisions of the Articles of Incorporation of the Company, the members thereof being appointed by decision of the Board of Directors.

The Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee are mandatory, as per the legal provisions in force. By the Articles of

Incorporation, according to Art. 34 Para. (1) of GEO no. 109/2011, 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, four 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 a minimum of 2 (two) non-executive administrators. Each Consultative Committee shall be led by a President, appointed from among its members. At least two members of each consultative committee must be 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, communicated by convening notice. Operative meetings of the Consultative Committees may also be organized by means of remote communication that meet the necessary technical conditions for the identification of participants, their effective participation in meetings and the retransmission of deliberations continuously (by e-mail, telephone, video conference or other communication equipment), whenever necessary, in order to carry out the tasks falling within their competence.

In order to fulfill the required duties, it may benefit, as appropriate, from the assistance of independent experts (for example, but not limited to audits, anti-fraud investigations, market analysis and others), in order to substantiate the decisions of the Board of Directors.

The meetings of the Consultative Committees shall be deemed as statutory if at least half plus 1 of the total number of Committee members are present and the proposals/recommendations submitted to the Board of Directors (required to substantiate its decisions) shall be adopted by the majority of votes expressed.

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 Committee/Consultative Committees, by the executive/administrative management, 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 within the BoD and for the same duration as the one of administrator, usually 4 years. The mandate of representation of the Consultative Committees' members who have fulfilled their duties accordingly may be renewed, if the mandate of administrator is also renewed. Termination of membership in a committee occurs by reconfiguring the structure/composition of the Consultative Committees, by renunciation and in all cases where the term of office of administrator ends.

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. Any administrator may take part in more than one Consultative Committee.

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 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 in relation to 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 Risk Management Committee;
- The Committee for Development and Relation with the Investors and Authorities.

Convening to the meetings of Consultative committees are usually submitted 3 days before the meeting at the request of the President of the Consultative Committee and contain information on the agenda, date, time and place/way of conduct (at the Company's headquarters, conference call other place agreed upon, e-mail). 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.

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

The Nomination and Remuneration Committee has the following main duties:

a) In the field of the nomination activity:

Depending on the person responsible appointed by the GMS for organizing the selection procedure of the administrators (line authority or Board of Directors), the Board coordinates the procedure or merely assists the line authority during the process at the times provided by the legislation.

Therefore, the Committee:

- a.1. assists the Board of Directors in establishing the principles for selecting candidates for the position of administrator;
- a.2. elaborates/contributes to the elaboration of the selection plan, including the terms of reference for the independent expert, the profile and matrix of the board, the criteria for selecting candidates for the position of administrator (based on the letter of expectations);
- a.3. carries out the final evaluation of the shortlisted candidates and draws up the report for the final appointments by which proposals to the Council are being made.

The Committee has an important role in the selection of directors whose appointment is the responsibility of the Board of Directors.

Therefore, the Committee:

- a.4. establishes and submits for approval to the Board the procedure for selecting directors;
- a.5. elaborates the terms of reference for the independent expert;
- a.6. sets the selection criteria for directors;
- a.7. coordinates the selection process and elaborates the specific documents required by the applicable legislation in collaboration with the independent expert;
- a.8. performs the final evaluation of candidates for the position of directors in order to appoint and conclude the mandate contract.
- a.9. elaborates the form and content of the Mandate contracts of administrators and directors with mandate contract and proposes their completion/amendment by Addenda.

b) In the field of the remuneration activity:

- b.1. draws up proposals concerning any policy regarding remuneration of administrators and directors with mandate contract, in compliance with the remuneration policy submitted by the Agency for Monitoring and Evaluation of Public Enterprises Performances (Ro. AMEPIP), 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;
- b.2. formulates proposals for the remuneration of directors within the general limits established by the GMS and by the law;
- b.3. elaborates and submits for approval to the Board a Policy on remuneration of administrators and directors that will be published on the company's website;
- b.4. prepares an annual report on remuneration and other benefits granted to administrators and directors to be presented within the GMS meeting in which the annual financial statements are approved.
- b.5. analyzes, evaluates and proposes to the Board of Directors any commitment for payment or compensation to be provided for in the Mandate Contracts of administrators/directors.
  
- c) In the field of the evaluation activity:
  - c.1. assists the Chairman of the Board in the assessment process of the administrator's performance;
  - c.2. assists the Chairman of the Board in identifying the training and development needs of the administrators;
  - c.3. assesses periodically or at least annually the independence of the members of the Board;
  - c.4. proposes to the Board changes in the structure of the consultative committees when it finds changes in the statutes of administrators or other relevant issues;
  - c.5. assists the Board in the assessment process of the directors.
  
- d) Other duties and responsibilities:
  - d.1. submits quarterly reports on the activity to the Board of Directors;

- d.2. periodically reviews the Internal Regulation of the Committee and submits for approval by the Board of Directors any amendments it considers necessary;
- d.3. annually self-evaluates its own performance and prepares an activity plan for the following year, to be submitted for approval to the Board of Directors.
- d.4. for the performance of the required tasks, it may, where appropriate, call on the assistance of independent experts.
- d.5. analyzes proposals to amend the Collective Labor Agreement applicable at Company level;
- d.6. other duties provided by law.

## 2. The Audit Committee

-The Audit Committee is formed of at least 3 (three) non-executive administrators, the majority of its members being independent and out of whom at least one is qualified as financial auditor or has experience of minimum 3 years in statutory audit, experience acquired based on participations to statutory missions in Romania, another member state, another EFTA country, Switzerland or the United Kingdom of Great Britain and Northern Ireland or within the audit committees established at the level of the Board of Directors/ supervisory board of other companies/ entities of public interest, substantiated by documents.

The President of the Audit Committee must be non-executive independent administrator and the same person must not occupy the Chairman of the BoD position.

The audit Committee 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 an advisory role regarding the Company's strategy and policy for internal and external financial audit.

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 accounting policies or financial audit.

The main duties/responsibilities of the Audit Committee are:

- formulates 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;
- monitors the financial reporting process, being informed by the external auditor about the significant internal control deficiencies in this area;
- examines and verifies 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;
- is responsible for the selection procedure of the financial auditor or audit firm and recommends 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 (EU) Regulation no. 537/2014;
- analyzes the proposals of the executive management on the appointment, reappointment, revocation of the external financial auditor, and the terms and conditions of their remuneration. Makes recommendations on the external financial auditor following to be validated by the BoD and to be submitted for approval of the OGMS;
- monitors the efficiency of the internal control, internal audit and risk management systems within the company;
- discusses and endorses the annual and multi-annual plan of public internal audit;
- assesses the Charter of Public Internal Audit;
- monitors the activity of the internal auditors and financial auditors;
- reviews and issues an opinion on the recommendations made by internal auditors;
- verifies and monitors 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;
- reviews, 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);
- ensures the quality of the audit and internal control and makes 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;
- receives the internal audit reports, analyzes and periodically assesses the findings and recommendations of the internal audit, as well as the plans for their implementation;

- analyzes and approves the normative documents elaborated by the Internal Audit before being submitted for approval;
- examines 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;
- checks the compliance of the audit reports developed with the approved audit plan on the company level;
- analyzes and approves the Annual Report of the internal public audit activity;
- approves the cooperation agreements with other public institutions regarding the performance of the public internal audit activity;
- verifies the statements included in the declaration regarding the compliance/non-compliance with the provisions of the Corporate Governance Rules concerning the internal management control;
- meets with internal and external auditors at least once a year and discusses issues related to audit processes, and in particular any deficiencies in internal control procedures;
- annually examines the effectiveness of the financial reporting and internal control;
- 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;
- may seek, if necessary, assistance from independent experts to fulfill the required duties.

### **3. The Risks Management Committee**

The Risk Management Committee is made up of 3 (three) members selected from among the members of the Board of Directors.

The members of the Risk Management Committee must have appropriate knowledge and expertise regarding risk management and the company's risk appetite. They must have adequate access to information regarding the company's risk situation and, if necessary and appropriate, to the risk administration/management function and to external specialist consultancy.

The Risk Management Committee ensures the consistency of the control activities with the

risks generated by the activities and processes that are subject to the control, identifies, analyzes, evaluates, monitors and reports the identified risks, the plan of measures to mitigate or anticipate them, other measures taken by the executive management. It is also responsible for measuring the solvency of the public enterprise, by referring to its usual attributions and obligations, and informs or, as the case may be, makes proposals to the Board of Directors.

The Risk Management Committee, together with the Board of Directors, must establish the nature, volume, format and frequency of the information regarding the risks they are to receive. This information must refer to the company's risk profile, residual risks (assessed after the implementation of the control measures), materialized risk analysis, as the case may be. The committee will prepare an annual report on the activity carried out according to its attributions, which will also include the recommendations formulated and addressed to the Board of Directors regarding the risk management activity.

The main duties/responsibilities of the Risk Management Committee are:

- advises the Board of Directors on the company's current and future risk strategy.
- ensures that the Board of Directors is informed about the company's strategy and policy regarding risk management, proposes the necessary changes following the revisions carried out;
- makes proposals and recommendations to the Board of Directors regarding the indicators and parameters used to monitor the company's risk management performance, in accordance with the best applicable practices, here-included those referring to the risk management systems and tools used within the company;
- verifies the extent to which the company's risk strategies are appropriate to the internal and external context;
- analyzes the annual information to the Board of Directors regarding performance monitoring and risk management, developed by the Management Systems and Managerial Internal Control Department that provides the technical secretariat of the Monitoring Commission and approved by the President of the Commission, makes recommendations regarding the measures the Board of Directors may adopt and monitors the application of the respective measures;

- analyzes the annual information to the Board of Directors regarding the performance of the anti-bribery management system drawn up by the commission that performs the function of anti-bribery compliance according to SR ISO 37001: 2017.
- annually assesses the effectiveness of the risk management system adopted by the Company;
- evaluates the degree of effectiveness of the risk management system, from the perspective of ensuring that the main risks (including those related to fraud and compliance with related legislation and regulations) are correctly identified, managed and reported in accordance with the audit plan;
- assists the company in the classification of risks specific to the company and the implementation and development of a risk management system, so that the risks faced by the company, as well as the potential risks, be foreseen, correctly identified, administered and disseminated to the BoD;
- in order to fulfill the required duties, they can call, if necessary, on external specialized assistance.

#### **4. The Committee for Development and for Investor and Authorities Relation**

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

The Committee for Development and Investor and Authorities Relation has attributions in analyzing, evaluating and making recommendations to the Board of Directors in adopting well-founded decisions concerning strategies for development, modernization, economic-financial, as well as for the settlement of the Company's strategic objectives and means of achieving them.

It is an advisory committee whose activity is to promote the Company's projects aiming at strengthening and increasing its performance, in conjunction with the strategy and objectives set out in the Administration Plan.

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

- recommends the funding structure and the manner of mobilizing resources efficiently and in accordance with the administration plan;



- supports the promotion and the enhanced visibility of the Company on the capital market/transparently presents the financial reports;
- analyzes the findings and penalties applied by the competent authorities in charge with the financial and fiscal auditing of the Company;
- analyzes the company's presentation materials that will be used in the external contexts;
- advances proposals related to the strategy and directions of approach for the investor relation;
- supports the Board of Directors and the executive management with elaboration and update of the Company's medium/long term development strategy;
- makes recommendations for the proposals of the executive management with strategic impact on the company's development;
- elaborates proposals for the increase of business efficiency for the development of the company and analyzes the identified opportunities;
- analyzes the structure of the investment program (structure by objectives and centralized and the list of independent endowments and equipment) and proposals to amend it, as well as the inclusion in the provisions of BVC and makes recommendations to the BoD, according to the situation;
- analyzes the procurement program and the proposals to amend it, as well as the classification in the provisions of the BVC and makes recommendations to the BoA, according to the situation;
- analyzes the stage of fulfillment of the annual investment and procurement program, in order to comply with the deadlines for completing the proposed objectives and works;
- assists the executive management in the steps undertaken to the regulatory and energy authorities regarding the technical, legislative aspects, etc. from its activity;
- examines the proposals related to the regulatory legal framework that is to be submitted to the Board of Directors;
- can represent the company in relation to the regulatory and energy authorities for the performance of the required attributions it may call, if necessary, the specialized external assistance.

## **5. Additional clarifications**

In carrying out the set out tasks, the Consultative Committees may:

- request internal/external auditors, external advisers, company's entities or external persons, advice or assistance, where appropriate;
- request the executive management any information they need;
- organize meetings with the management of the Company, internal/financial auditors or specialized external consultants, depending on the situation.

In order to carry out their duties and responsibilities, the Consultative Committees shall take into account the following documents, but shall not limit to:

- the administrationt plan approved by the Board of Directors, including the management component elaborated by each director with mandate contract;
- the financial and non-financial performance indicators approved by the General Meeting of Shareholders;
- the annual and multiannual programs related to the various fields of the Company, brought to the attention of the BoD.;
- feasibility studies or equivalent documentation related to major investment projects, made available by the Company;
- other regulatory acts applicable in accordance with the powers of the Committees.

*Note: The Internal Rules of Organization and Functioning of the Consultative Committees shall be updated whenever applicable.*

## **CHAPTER 4**

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

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

*President: Zaman Andrei - Mihai;*

*Members: Gheorghe Cristian – Florin, Tănăsică Oana - Cristina, Dănilă Alin - Mihael, Kohalmi - Szabo Luminița - Doina*

## **2. THE AUDIT COMMITTEE**

*President - Gavrila Florin - Daniel;*

*Members: Buică Nicușor - Marian, Gheorghe Cristian – Florin*

## **3. RISK MANAGEMENT COMMITTEE**

*President - Kohalmi - Szabo Luminița - Doina;*

*Members: Dănilă Alin - Mihael, Buică Nicușor - Marian*

## **4. THE COMMITTEE FOR DEVELOPMENT AND FOR INVESTOR AND AUTHORITIES RELATION**

*President - Tănăsici Oana – Cristina*

*Members: Gavrila Florin - Daniel, Zaman Andrei - Mihai*

## **CHAPTER V** **FINAL PROVISIONS**

The provisions of these Internal Rules of Procedure regarding 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, to justify or be exempted from liability, of any kind, in relation to any acts non-compliant with these Rules of Procedure.

**These Internal Rules of Procedure regarding of the Organization and Functioning of the Consultative Committees established within the Board of Directors shall be complemented by (i) the applicable legal provision regulating the Corporate Governance of the public enterprises, (ii) the provisions of the Articles of Incorporation, (iii) the provisions of the corporate governance Code of the BVB, as well as by (iv) the provisions of other internal regulations approved by the corporate bodies of CONPET.**

**CHAIRMAN OF THE BOARD OF DIRECTORS  
of CONPET S.A. Ploiești  
GHEORGHE CRISTIAN - FLORIN**

**Note:**

***This Internal Rules and Regulation regarding the Organization and Functioning of the Consultative Committees established within the BoD has been approved based on the BoD Decision no.....dated.....***