

**Subject for analysis and approval in the BoD meeting dated 28.01.2021**  
No. 3382/28.01.2021

**Chairman**  
**Board of Directors**  
**Gheorghe Cristian – Florin**  
**Signature**  
**S.s Illegible**

**DIVIDEND POLICY**  
**CONPET SA**

**Preamble**

In order to comply with the requirements of the Corporate Governance Code of the Bucharest Stock Exchange, Conpet SA has decided to adopt a policy in relation to dividends.

The dividend policy of Conpet SA aims to establish the principles governing the distribution of dividends.

This dividend policy represents the intention of the Board of Directors at the time of its approval and may be revised in the future.

In Romania, the distribution of profit, i.e. the distribution of dividends, within companies with full or majority state capital is made in accordance with GO no. 64/2001 on the distribution of profits to national companies or companies with full or majority state capital, with subsequent amendments.

Conpet SA distributes dividends from the annual net profit, reported on the basis of the audited annual financial statements, after their approval by the Ordinary General Meeting of Shareholders of CONPET and, respectively, after the approval of the proposal for the distribution of dividends formulated by the Board of Directors.

Over the past 5 years, CONPET has fulfilled its commitment to deliver a return to its shareholders through a sustainable dividend policy and has distributed dividends

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at a rate of between 88% and 93% of the net profit. For the period 2020 - 2022 was forecast a distribution rate of 85% of the allocated net profit.

Starting from the assumption that all CONPET shareholders are concerned that the amounts invested in the company's shares maintain at least their value and possibly generate a reasonable return under market conditions, the establishment of a dividend policy represents an element of corporate governance expected by the shareholders, but also by other potential investors.

Although the actual distribution rate during the last years has been relatively constant, by the dividend policy they will acknowledge the dividends distribution rate.

The net profit allocation related decisions aim at the options of the company in what concerns the partial or integral reinvestment of the net profit and/or distribution as dividends.

According to the situation existing when formulating the profit allocation proposal, there may occur deviations from this Policy following several legal specific requirements applicable at that date, amendment of fiscal code, pursuant to the capital requirement for investment etc.

### **Distribution Rate of the Profit in Dividends**

When settling the distribution rate of the profit in dividends the followings have been considered: (i) the current liquidity of the company, (ii) availability and access to funding, (iii) level of indebtedness of the company, (iv) the funding costs on upper trend, (v) investors' expectations, (vi) the distribution rate practiced by other listed companies in the same sector or related sectors of activity, as well as the provisions of the Government Ordinance no.64/2001.

**The profit distribution rate in dividends** that the Board of Directors will consider when formulating the proposal to the General Meeting of Shareholders of CONPET SA will reach between **85%-100% of the net accounting profit**.

The gross dividend per share represents the part from the net profit of the Company that is being calculated and paid to the shareholders for each share held.

## Decision regarding the Dividends Payment

The notice of declaration and payment of dividends is made within the Ordinary General Meeting of Shareholders, at the same meeting, concurrently with the submission for approval of the annual financial statements, at the recommendation of the Board of Directors, namely in no more than 120 days from the closure of the financial year.

The recommendations related to the value of gross dividend, the payment method and the dividends payment date are being adopted within the meeting of the Board of Directors regarding the inclusion thereof in the profit allocation proposal based on the audited annual financial statements.

In the selection of a certain percentage of distribution of the profit as dividends, as per the dividend policy, the Board of Directors shall consider the followings: (i) reduction of the dividend yields fluctuations from one period to another, (ii) the capital requirements for investments, (iii) the funding costs, (iv) financial availability for dividends payment.

The dividends are declared and paid exclusively based on the approval thereof by the General Meeting of Shareholders. The approval decision related to profit allocation, which includes the declaration and payment of dividends will mention the followings:

- The value of the gross dividend per share;
- The registration date and ex corresponding date, which identify the shareholders who have the right to dividend;
- Dividends payment date
- Any other legal requirements mentioned in legal provisions.

## Dividends Calculation

Dividends are distributed to shareholders in proportion to the share of Conpet SA's share capital, each share held by the shareholders giving them the right to collect the dividend per share approved in the General Meeting of Shareholders.

The gross value of dividends for each shareholder will be calculated by multiplying the number of shares held at the date of registration by the value of the gross dividend per share, the resulting amount being rounded up or down to two decimal places.

The net value of dividends due to each shareholder is determined as the difference between the gross amount of the dividends and the related tax.

Dividend income is subject to tax at source in accordance with the provisions of the Tax Code. Shareholders who wish to apply the provisions of the convention to avoid double taxation concluded between Romania and their country of tax residence must present by the date of payment of dividends the tax residence certificate valid for the year in which the dividends are being paid.

### **Dividends Payment**

The date of payment of dividends will be the time limit allowed by law, not later than 15 working days to the registration date set by the General Meeting of Shareholders, but no later than 60 days after the legal deadline for filing annual financial statements.

The Board of Directors ensures payment to the shareholders of the declared dividends. The dividend payment is centralized and coordinated by Depozitarul Central according to the legal provisions.

CONPET SA publishes on the website of the company, of Depozitarul Central and in a newspaper of national circulation, all relevant information regarding the payment of dividends for each financial year (gross dividend amount, gross dividend per share, registration date, ex-date, date of payment, specific payment methods, documents required for payment, deferred payment date, etc.).

### **Final Dispositions**

This Dividend policy has been approved by the Board of Directors in the meeting dated 28.01.2021.

The dividend policy may be revised and/or updated whenever necessary, in compliance with applicable regulations or, in the event of the occurrence of mandatory regulations or legal provisions on the policy of granting dividends by commercial companies.

Director general  
Legal Expert Anamaria Dumitrache

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Economic Director

Econ. Sanda Toader

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