



THE CORPORATE GOVERNANCE RULES



CONPET S.A.
Ploiesti

Preamble

According to the Organization for Economic Cooperation and Development, “corporate governance specifies the distribution of the rights and responsibilities of the various categories of people involved in the company: administrators, directors, shareholders and other categories, and sets out the rules and decision-making procedures regarding a company's activity.

Given the corporate government principles developed by the Organization for Economic Development and Cooperation - OECD, at national level EGO no. 109/2011 defines the corporate governance of the public enterprises as being “the ensemble of rules governing the administration and control system in a public enterprise, the relations between the tutelary public authorities and the bodies of the public enterprise, between the administration board, directorate, shareholders and other interested parties.”

The corporate governance of CONPET S.A. Ploiești describes all the principles underlying the management framework through which the company is run and controlled. These principles determine the efficiency and effectiveness of the control mechanisms adopted in view of protecting and harmonizing the interests of all categories of participants to the activity performed by the company - shareholders, administrators, directors, heads of other company structures, employees and the organizations representing their interests, clients and business partners, central and local authorities, etc.

The internal governance model of CONPET S.A. outlines in particular the main tasks and responsibilities of the management and administration structures of the company, as well as those of the advisory committees set up in support of these structures to fulfill their responsibilities.

The purpose of the Corporate Governance Regulation is to promote the confidence of all categories of participants in the management and administration of the company CONPET, without the intention to address in detail the specific elements of the internal framework for the management of the Company's business.

In conclusion, corporate governance means the overall management of the organization by accepting all internal components, which work together but which will ultimately be integrated into the management and implementation of risk management within the organization, as well as the financial management and internal control system, including internal audit.

The provisions of the Corporate Governance Regulation are aligned with national legislation, the specific regulatory framework and the principles of corporate governance issued by the Bucharest Stock Exchange (B.V.B.) for listed companies.

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I. The Administration system

CONPET S.A. has a unitary administration system. Where a dualist management system is adopted, the Articles of this Regulation shall be applied appropriately, in full accordance with the objectives of good corporate governance, transparency of information and investor and market protection.

II. Corporate Governance Structures

CONPET S.A. corporate governance structures are being represented by: The General Meeting of Shareholders, the Board of Directors, the Consultative Committees within the Board of Directors and the General Director.

II.1 General Meeting of Shareholders

The shareholders exercise their rights at the General Meeting of Shareholders, which is the highest decision-making body of the company. The Articles of Incorporation of CONPET S.A. stipulates the competencies of the General Meetings of Shareholders, the conditions for organizing and validation thereof. CONPET observes the legal provisions regulating the performance of the GMS meetings for the stock listed companies.

The company shares are indivisible, bear equal value and confers upon the holders equal rights and liabilities, each share granting right to one vote in the General Meeting of Shareholders.

II.1.1 Organization

General Meetings are ordinary and extraordinary. The Ordinary General Meeting takes place at least once a year, in maximum 4 months as of the end of the financial year, and the Extraordinary General Meeting reunites whenever necessary.

In order to provide equal treatment and full and fair exercise of all shareholders' rights, CONPET makes available to them all relevant information regarding the GMS and adopted

resolutions, both by mass communication means and in the special section, opened on the company's website, easily identifiable and accessible.

The Company pays all diligence, in compliance with the requirements of the legislation in the area, to ease the participation of the shareholders to the sessions of the General meetings, as well as the full exercise of the rights thereof. The shareholders may take part and vote, in person, in the General Meeting of Shareholders, but also have the possibility to exercise the vote by representation or by correspondence.

The General Meetings of Shareholders are being presided by the Chairman of the Board of Directors or the administrator substituting him. During the General Meetings of Shareholders, the dialog between the shareholders and the members of the Board of Directors and/or the Director General is allowed and encouraged. Each shareholder may address questions to the administrators regarding the company activity.

Every company share held by the shareholder at the registration date (advanced by the Board of Directors given the specific regulations and approved by the GMS) confers the right to benefit from dividends for the prior financial year, in the amount and under the conditions set forth by the General Meeting of Shareholders.

II.1.2 Main duties

The General Meeting of Shareholders is "CONPET" S.A. management body, who decides upon the company business and trade and economic policy, as per the option of the shareholders present or represented during the meeting.

The Ordinary General Meeting of Shareholders meets at least once a year, in no more than 4 months as of the conclusion of the financial year and has the following competencies, duties and functions:

- a) discusses, approves or modifies the annual financial statements, based on the administrators' report and the financial auditor's report;
- b) elects and revokes the administrators according to the law;
- c) approves the administration plan issued and presented by the Board of Directors, as well as the revision thereof;
- d) appoints or revokes the financial auditor and sets the minimum duration of the financial audit contract;

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e) sets the remuneration level and any other amounts and advantages due to the administrators for the current financial year, as well as the general limits of the remuneration of the Director General;

f) approves the Organization and Functioning Regulation of the Board of Directors and sets out the competencies thereof;

g) approves the Revenues and Expenditure Budget (REB) and the investment program for the next financial year, as well as rectification of the REB;

h) approves the profit distribution as per the provisions of the normative acts in force and the fixing of dividends;

i) passes judgments over the administrators' management and the means to recover the losses they have caused to the company;

j) decides upon pledging, leasing or dissolution of one or several company units.

k) fulfills any other duty, set under the law, as being borne by them.

The Extraordinary General Meeting reunites whenever necessary in order to decide upon:

a) changing the legal form of the company;

b) changing the location of the company headquarters;

c) changing the company's line of business;

d) establishment or disestablishment of subsidiaries;

e) extending the company's life;

f) augmentation of the share capital;

g) reduction of the share capital or replenishment thereof by issuing new shares;

h) merger with other companies or division thereof

i) anticipated dissolution of the company;

j) conversion of the shares from one category into another;

k) conversion of a category of bonds into another category or into shares;

l) bonds issuance;

m) amendment of the nominal value and number of shares;

n) decides upon the contracting of average and long-term bank loans, here-included the external ones; establishes the competencies and level for contracting the current bank loans, of the trade loans, as well as the level of the guarantees;

o) decides upon the participation, as per the law, at the establishment of new legal persons or at the association with other legal or natural persons from the country or abroad;

p) may delegate to the Board of Directors the execution of the attributions regarding the change of the location of the company headquarters, the company's line of business, namely the

augmentation of the share capital. The delegation of the duty regarding the change of the company's line of business cannot concern the main business area and core business of the company.

q) decides on what market the securities issued by the company are to be traded and chooses the authorized independent registrar that manages the registers of the shares issued by the company;

r) any other amendment of the Articles of Incorporation, or any other decision for which the approval of the Extraordinary General Meeting of Shareholder is asked.

The Convening of the General Meeting of Shareholders

The General Meeting of Shareholders is convened by the Board of Directors, whenever necessary.

Moreover, the Board of Directors calls urgently the general meeting of shareholders, at the request of the shareholders representing, individually or together, at least 5% of the share capital and if the request comprises provisions that fall under the attributions of the general meeting. The meeting will be convened in no more than 30 days and shall take place in no more than 60 days as of the date of the receipt of the request.

The GMS call shall comply with the legal provisions regarding the companies, the regulations regarding the capital market and provisions of the Articles of Incorporation, as well as the legal provisions regarding publicity and notification of the Financial Supervisory Authority (FSA) and Bucharest Stock Exchange (BSE). The meeting deadline cannot be less than 30 days as of the publishing of the Convening Notice in the Official Gazette of Romania, part IV. The decisions made by the General Meetings of Shareholders, under the law, and of the Articles of Incorporation are binding even for the shareholders that did not take part to the meeting or voted against.

II.2 the Board of Directors

The Company Administration is being trusted to the Board of Directors elected by the Ordinary General Meeting of Shareholders, this one being charged with the fulfillment of all papers necessary and useful for the achievement of the company's line of business, except for those set forth, as per the law, for the General Meeting of Shareholders.

II.2.1 Structure and Appointment of the Board of Directors

The Company is administered by a Board of Directors, composed of 7 administrators. Most of the BoD members is made of no executive and independent administrators. They are chosen by the Ordinary General Meeting of Shareholders by the application of the cumulative vote method, over

a period of 4 years, with the possibility to be reelected over new periods of 4 years. The members of the Board of Directors would be revoked based on the decision of the General Meeting of Shareholders.

The selection and election of the administrators are being performed in compliance with the E.G.O. no. 109/2011 regarding the corporate governance of the public enterprises, as well as the provisions of Law no.31/1990 on companies, republished, with subsequent amendments and additions, on the basis of a rigorous and transparent process.

The members of the Board of Directors provide, all together, the premises of collective competence of the Board of Directors for an effective and successful administration of the company business. The Board of Directors nominates, from among its members, the Chairman of the Board of Directors. The decision regarding the appointment or revocation thereof is being made with the majority vote of the Board of Directors members. In case of vacancy of one or more administrator position, the Board of Directors proceeds to the appointment of some provisional administrators, until the reunion of the Ordinary General Meeting of Shareholders.

The Chairman of the Board of Directors calls and presides the Board of Directors meetings, coordinates the activity of the Board and reports with regard to this General Meeting of Shareholders.

The administrators may act as shareholders.

The Meetings of the Board of Directors

The Board of Directors meets whenever necessary, but at least every three months, at the Chairman's call. The Agenda is set by the Chairman. Moreover, the Board of Directors may also be convened at the substantiated request of at least two of the administrators or the General Director. In this case, the Agenda is being established by the authors of the request. The Chairman must act on such a request. In case the Chairman is temporarily incapable of exercising his duties, all along that period, the Board of Directors can charge another administrator with the fulfillment of the Chairman capacity.

Operative sessions of the Board of Directors can be organized by means of distance communication which satisfies the conditions necessary for identification of participants, their effective participation to the Board meetings and relaying deliberations continuously (via e-mail, phone, video conference or other communication devices), whenever necessary, but at least once every three months, convened by its Chairman or on a reasoned application of two of its members or the Director General.

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Subsequent to the settlement of the Agenda, the BoD Secretariate is bound to notify all the Board of Directors members, by telephone or email, by at least 5 working days prior to the date the meeting will take place. In special cases, the meeting can be convened urgently. The convening notice will comprise the date, hour and place where the meeting takes place and will have the Agenda attached. In well justified cases, the Chairman of the Board of Directors can order the reschedule of the meeting date or the complement of the Agenda thereof. The materials related to the meeting shall be submitted, by email, to the members of the Board of Directors, by at least 4 working days prior to the meeting and respectively, on paper form, by at least 2 working days prior to the meeting.

The Members of the Board of Directors take part, in person, to the Board of Directors meetings or can be represented at the meetings of the respective body exclusively by other members herein. A present member may represent one absent member. For the validity of resolutions, the presence (directly or by proxy) of at least five council members is required and decisions are taken by majority vote of the members present. The Chairman of the Board of Directors will have the casting vote in case of parity of votes. In case of decisions made during the meetings where a member of the Board failed to participate, the latter remains liable in connection therewith if, within 30 days of acknowledgment thereof, did not challenge it in the forms provided by the law.

The Board of Directors cannot decide upon certain issues that are not included in the Agenda, except for the emergencies. In order to decide on the emergencies, the absent members will also be consulted, by various remote communication devices. The Chairman shall decide upon the urgency of the problems.

In exceptional cases, motivated by the emergency of the situation and by the company's interest, the decisions of the Board of Directors can be made by the unanimous written vote of the members, the reunion thereof not being necessary. The Board of Directors will be asked to approve it by telephone note; the note is to be ratified during the next Board meeting. The execution of the telephone note by all members thereof represents the observance of the condition regarding the unanimous vote expressed in writing. One cannot resort to this procedure in case of the decisions regarding the annual financial statements or the authorized capital.

The protocol of the meeting shall comprise the name of the participants, the order of the deliberations, the decisions made, the number of votes cast and separate opinions. This will be signed by the Chairman of the Board of Directors and the BoD Secretariate, and the one recorded in the Journal of the Meetings and BDA Deliberations shall be signed by the other administrators too. BoD Decisions and the protocols of the meetings shall be sent via email to the administrators following the signing thereof by the Chairman of the Board of Directors.

II.2.2 Role and Liabilities of the Board of Directors

The Board of Directors's powers are being set pursuant to the Articles of Incorporation of the company, the Romanian law, as well as pursuant to other attributions set by the general meetings of shareholders as falling under the responsibility thereof, respectively, in particular, the followings:

a) Calls the general meetings of the company and sets the agenda, while endorsing the meeting documentation;

b) Prepares the annual report that is to be presented to the general meeting of shareholders, together with the annual financial statements and the report of the financial auditor, as well as other reports imposed by the applicable legislation, by way of observing the reporting requests set pursuant to CNVM (FSA) regulations regarding the capital market and other incidental regulations;

c) Concludes legal deeds in the name and on behalf of the company, based on which to acquire goods for the company or dispose, lease, change or enter a lien over the goods to be found in the Company's Assets, where the value thereof exceeds half the book value of the company assets at the conclusion of the juristic act, exclusively by way of approval of the Extraordinary General Meeting of Shareholders;

d) Submits to the internal auditors and the financial auditor, by at least 30 days prior to the day of the general meeting, the annual financial statements for the preceding financial year, accompanied by the administrators' report and the supporting documents;

e) Recommends for approval to the ordinary general meeting of shareholders, subsequent to the end of the financial year, on an annual basis, the financial statements for the preceding year accompanied by the administrators' report regarding the company activity and the financial auditor report;

f) Recommends for approval to the ordinary general meeting of shareholders the company's Revenues and Expenditure Budget and the investments program for the following financial year, as well as the rectifications thereof; approves the revision of the investments and Capital Repairs program within the same values;

g) Approves the Collective Labor Agreement at the company level;

h) Approves the organizational structure and the related personnel structure, the Organization and Functioning Rules and Regulation and the Internal Rules of the company;

i) Drafts the administration plan and recommends it for approval in the OGMS, within 90 days as of the appointment of the administrators under the conditions set out in the EGO no. 109/2011.

j) Delegates to the Director General the company's management powers and, under the contract of mandate and based on the Board of Directors decisions, sets the rights, liabilities,

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competencies, duties, responsibilities of the Director General; if the Director General is in the impossibility to exercise his duties (annual leave, sick leave, other situations), the Board of Directors will delegate the company management to one of their executive directors.

k) Oversees the activity of the Director General in what concerns the company management, here-included the carry-out of the company business;

l) Appoints and revokes the Director General of the company and sets the remuneration thereof, the general limits of the remuneration are set by the ordinary general meeting of shareholders. Sets the objectives and performance criteria for the Director General and notes, recurrently, the progress of the fulfillment thereof; approves the global degree of fulfillment of the objectives and performance criteria of the Director General for the previous year, correlated with the financial statements of that financial year;

m) Sets the main business directions and approves the strategies and development policies of the company;

n) Sets the accounting policies and the financial control system and approves the financial planning;

o) Approves the annual procurement program; approves/endorsees the protocols regarding the results of the goods inventory out of the company's Assets/the State's public property; approves/endorsees the proposals to decommission the fixed assets, end life of the materials such as inventory objects in use, downgrade and discard of certain material goods, other than the fixed assets to be found in the company's Assets/the State's public property, whose maintenance no longer justifies; approves/endorsees the means to capitalize these goods and starting prices for the goods proposed to be capitalized by auction; may delegate the Director General with signing the protocols to decommission the fixed assets/end life of the inventory objects in use/downgrade the material goods; approves sponsorship requests and the transfer of penalties, late payment increases, fines, etc.

p) Proposes the shareholders on which markets the securities issued by the company are to be quoted and elects the authorized independent registrar that keeps records of the shares issued by the company;

q) Requests and receives reports from the internal audit of the Company;

r) Files the request for the opening of the insolvency procedure as per Law no. 85/2014 regarding the insolvency prevention and insolvency procedures;

s) Fulfills all the necessary and relevant acts for the achievement of the company's core business, except for the ones set apart by the law for the general meeting of shareholders;

t) Engages current bank loans and trade credits, in compliance with the competencies and level of contracting set by the EGMS and approves the issue of the guarantees;

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u) Approves the proposals regarding the global strategy for development, revamping, modernization, economic and financial restructuring of the company;

v) Provides the enforcement of the resolutions adopted by the shareholders within the sessions of the GMS, aiming that the enforcement of the resolutions be taken by the compliance of the lawfulness of the company business; Secures and is liable for the carry-on of any task or duty set by the general meeting of shareholders or that is being stipulated by the legislation in force, here-included the regulations in force regarding the capital market, as well as by the performance of the company's business, in terms of both direct duties, as well as for those assigned to the Director General.

w) Approves the management plan drafted and carried forth by the Director General, in 90 days as of the nomination thereof under the provisions of EGO no. 109/2011 regarding the corporate governance of the public enterprises.

x) Submits biyearly, within the OGMS, a report on the administration activity, also including information regarding the execution of the contract of mandate of the Director General, details regarding the operational activities, the company's financial performance and the biyearly accounting reports of the company.

y) Presents the OGMS approving the annual financial statements, an annual report prepared by the Nomination and Remuneration Committee within the Board of Directors, regarding the remunerations and other advantages granted to the administrators and the Director General during the previous financial year, a report structured according to the provisions of EGO no. 109/2011 regarding the corporate governance of the public enterprises.

z) Approves the establishment or dismantling of subunits (secondary offices, workstations, branches, agencies, offices or other types of subunits without legal personality) located in the same locality and/or other places in the country and abroad;

No attributions received by the Board of Directors from the GMS can be delegated to the director general.

The Board of Directors preserves the attribution of representation of the company in relation to the director general.

The rights and liabilities of the administrators are stipulated in the Administration Contract.

II.2.3 Remuneration of the members of the Board of Directors

The administrators' and directors with mandate contract remuneration policy is being proposed by the Nomination and Remuneration Committee, is endorsed by the Board of Directors and approved by the OGMS.

The Chairman and the members of the Board of Directors are remunerated with a monthly fixed allowance to which is being added a variable component, where the amounts or structure is being set by the Ordinary General Meeting of Shareholders.

II.3 Consultative Committees

Within the Board of Directors are being constituted consultative committees, in compliance with Art. 140² of Law no. 31/1990, the Company's law, Art. 34 of EGO no. 109/2011 regarding the corporate governance of the public enterprises and the provisions of Art. 19 paragraph (5) of the Articles of Incorporation of the company, the members thereof being nominated based on the Decision of the Board of Directors.

The Audit Committee and the Nomination and Remuneration Committee are binding, 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, according to the needs and management strategy of the company.

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 and Nomination and Remuneration Committees consist only of non-executive administrators. 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 (three) 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.

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After analyzing the issues subject to the attention of the Consultative Committees/Consultative Committee, by executive management/administrative, as appropriate, a note/report shall be drawn up to the, 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 members of the Consultative Committees is being valid whilst they have the capacity of administrators within the Board of Directors and has the same duration with that of the mandate of administrator, generally 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.

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.

At the level of the Board of Directors were established the following consultative committees:

- 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 4 (four) 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.

II.3.1 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 Nominative 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 GMS are being accompanied by a recommendation from the Nomination and Remuneration Committee or the BoD. The proposal should contain: the period of granting mandate, relevant information regarding the professional qualification of the candidate, a list with the current/former positions held by the candidate, as well as the specification regarding the compliance with 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:

- the motivation of the members of the Board of Directors and the Director General to continue/aim at the long-term development and success of the company;
- the existence of a well-defined relationship between performance and remuneration;

- the fix remuneration be reasonable and established considering the labor market and the dimension of the activity performed by the Company;
- the variable remuneration is correlated to the achievement of certain performance indicators approved by the OGMS.

The main attributions of the Nomination and Remuneration Committee are:

- coordinates the selection/election process of the members of the Board of Directors with a view to the selection/appointment by the OGMS for the positions selected in accordance with the provisions of EGO no. 109/ 2011;
- recommends to the Board of Directors candidates for the position of provisional administrator until the meeting of the OGMS, in the event of the vacancy of seats within the BoD or for the position of administrator, for the election/appointment by the OGMS;
- drafts and proposes to the Board of Directors the candidate selection procedure for the position of Director with a contract of mandate;
- evaluates the concurrent professional skills, knowledge and experiences at the level of the Board of Directors;
- inform themselves of the process of improving the knowledge of the members of the Board of Directors for the purpose of applying best practices of corporate governance;
- formulates proposals regarding the remuneration policy of the administrators and the directors with contract of mandate, including proposals concerning the quantum and the fix and variable remunerations award inhered to the members of the Board of Directors, as well as the general limits of the remuneration of directors with a contract of mandate, in view of endorsement thereof by the Board of Directors and recommendation for approval by the General Meeting of Shareholders;
- 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 allotted to the administrators for fulfilling their tasks;
- identifies 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;
- analyses, evaluates and proposes the Board of Directors any payment commitment or compensation to be provided in the administrators'/directors' contracts of mandate;
- supervises the application of the remuneration policy principles related to the administrators and directors with mandate contract and informs the Board of Directors relating

thereto, making sure that the monthly remuneration is reasonably awarded, according to the fulfillment degree of the specific duties;

- submits 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.

- can request, as the case may be, assistance from external experts, for the fulfillment of the required duties;

- plans 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;

- assists 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;

- carries out the recruitment and selection process of directors with mandate contract, if the BoD mandates him thereof, according to the provisions of EGO no. 109/2011;

- draws up proposals to the attention of the BoD on the remuneration of each director with mandate contract and other benefits granted thereto, as well as proposals for remuneration of other executive positions as appropriate;

- analyses proposals for amendments of the Collective Labor Agreement applicable at the level of the Company;

- develops the form and content of the mandate contracts of administrators and directors with mandate contract and proposes the addition/amendment by Addenda;

- prepares 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 Chairman of the Board;

II.3.2 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.

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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:

- formulates recommendations addressed to the Board of Directors regarding the company's strategy and policy for internal control, internal audit and financial audit;
- oversees the financial reporting process, being informed by the external audit on the material shortcomings of the internal audit in this sector;
- reviews the executive management's proposals for the appointment, reappointment, revocation of the external financial auditor, as well as the terms and conditions for its remuneration. Makes recommendations on the external financial auditor following to be validated by the BoD and to be submitted for approval of the OGMS.
- supervises the effectiveness of the internal control, internal audit and risk management systems within the company;
- debates over and endorses the multi annual and annual plan for the activity of the internal public;
- endorses the Charter of the internal public audit;
- oversees the activity performed by the internal auditor and financial auditors;
- analyses and issues an opinion on the recommendations formulated by the internal auditors;
- verifies and oversees the independence of the statutory auditor and the audit firm and, in particular, the provision of additional services for CONPET S.A., if requested;
- examines, with the support of the financial auditors the financial statements draft, as well as the company's preparation conditions of the named statements (relevance of methods and accounting standards applied, as well as the internal procedures of collecting the information);
- provides the evaluation of the audit quality and internal control and makes sure that all the necessary measures are being undertaken, for the settlement of the shortcomings identified in the control and conformity activity, as well as other issues identified by the auditors;
- receives the audit reports, recurrently analyses and endorses the ascertainments and recommendations of the internal audit, as well as the plan for implementation thereof;

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- analyses and endorses the normative acts prepared by the internal auditor, before they are submitted for approval;
- examines the complaints about non-compliance with the Code on the Ethical Conduct of the Internal Auditor and proposes the necessary measures to the Director General of the Company/Board of Directors;
- verifies the conformity of the audit reports prepared with the audit plan approved at the company's level;
- analyses and endorses the annual report of the internal public audit activity;
- endorses the cooperation agreements with other public institutions regarding the internal public audit activity;
- verifies the statements included in the declaration regarding the compliance/non-compliance with the Corporate Governance Regulation provisions regarding the internal management control and risk management system;
- meets internal and external auditors at least once a year and discusses aspects related to the audit processes and, particularly, any shortcomings of the internal control procedures;
- assists 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;
- regularly examines the efficiency of the financial reporting, internal control and risk management system adopted by the Company;
- evaluates the efficiency level of the risk management system, by making sure that the main risks (including the ones referring to fraud and compliance to the related legislation and regulations) are being correctly identified, managed and reported in accordance with the audit plan;
- 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 Regulation (EU) no. 537/2014;
- 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;

II.3.3 The Committee for Development and Relation with the Investors and 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 informed decisions on strategies for development, modernization, economic financial and strategic objectives of the Company and how to achieve them.

It is an advisory committee whose business is to promote projects aimed at strengthening the Company and increase 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;

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- 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.

II.4 The Director General

The BoD delegates the executive management of CONPET S.A. to the General Director. He represents the Company in relations with third parties.

II.4.1 The role and duties of the Director General

The Director General is responsible for the company's executive leadership, for management and control of the activities and operations thereof, and is responsible for taking all the measures related to the company's management, within the activity objects of the company and in compliance with the exclusive powers reserved by law or by the Articles of incorporation, the BoD or the General Meeting of Shareholders.

This ensures the implementation of the strategic lines approved by the Board of Directors on the development of the company, the management and control of the risks associated with its activity. The responsibilities of the Director General, as well as the approval competences of certain activities/operations specific for the company activities are detailed in the Articles of Incorporation and in the mandate contract, supplemented by applicable laws.

The Director General supplies to the Board of Directors, regularly and comprehensively, detailed information regarding all outstanding aspects for the company business. Additionally, any outstanding event is immediately communicated to the Board of Directors. Also, any member of the BoD may request from the Director General or from employees with leadership positions within CONPET, information on the activity of the Company.

No attributions received by the Board of Directors from the GMS can be delegated to the director general.

The Director General of the company has the following main tasks:

a) provides the leadership and management of the company business and is liable for the execution thereof in relation to both direct duties, as well as the ones entrusted to the executive management;

b) draws up the annual draft report, the draft of the revenues and expenditure budget and the work program and submits them to the Board of Directors;

c) observes the reporting liabilities set by the regulations in force regarding the capital market and the provisions of EGO no. 109/2011 regarding the corporate governance of the public enterprises, as well as all the other applicable legal provisions;

d) develops the company's development and marketing strategies and policies and submits them for approval to the Board of Directors; applies the company's strategy, development and marketing policies established by the Board of Directors;

e) prepares projects and business plans and submits them to the Board of Directors for approval;

f) prepares the Organizational and Operational Rules and Regulations of the company, the organizational structure and personnel structure and submits them to the Board of Directors for approval;

g) organizes, coordinates and takes all necessary measures for implementing strategies and policies approved by the Board of Directors; approves the rules and regulations governing the company's activities;

h) hires/nominates/removes/promotes/suspends/dismisses, as the case may be, under the law, the company personnel and sets the rights and obligations thereof;

i) negotiates the individual employment contracts of employees;

j) establishes the duties, powers and responsibilities in the job description for the positions of the organizational structure under the direct subordination;

k) ensures the framing in the payroll from the approved revenues and expenditure budget, under the conditions of the achievement of productivity indicators;

l) provides monitoring of implementation of provisions of revenues and expenditure of the Company;

m) sets the objectives and performance criteria for executive directors, tracks the degree of fulfillment thereof and evaluates the activity of executive directors on fulfilling their tasks foreseen in the job description;

n) is not allowed to disclose data and information he has access to, regarding the company and the business; This obligation remains valid after the contract termination, for a period of 5 years. Moreover, he must also comply with the privileged information regime provided for in Law no. 24/2017 on issuers of financial instruments and market operations.

o) requests from the executives, monthly or whenever necessary, activity reports to be submitted to the Board of Directors;

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p) has the right of signature and specimen of signature in the bank (signature I) and decides on the operations of receipts and payments of the company, these duties can be delegated, in case of impossibility duties, to others within the company by decision of the BoD, this being the one to appoint the persons authorized to have signature right I and II and their substitutes;

q) notifies the Board of Directors of any irregularities found during the performance of its tasks;

r) negotiates and concludes the Collective Labor Agreement, in the name and on behalf of the company, in the form approved by the Board of Directors;

s) represents the Company in the relationships with the third parties;

t) concludes legal acts, in the name and on behalf of "CONPET" S.A., under the law and in compliance with the provisions of the contract of mandate and of the empowerments granted based on the resolution of the Board of Directors;

u) concludes contracts of sale and purchase of goods under the law and in accordance with the contract of mandate and powers granted by decision of the Board of Directors;

v) may authorize the executive or any other employee to exercise any power within its competence, both in the company's business and as regards the representation in relation to various authorities, institutions, individuals or legal justice, etc., as required;

w) signs the protocols of the decommissioning of fixed assets/scraping of inventory items/downgrading of material goods, where he shall be delegated this power by the Board of Directors.

x) endorses the materials on the Agenda of the BoD meetings;

y) organizes and manages an Executive Director Committee consisting of executive directors. The Director General may summon to the meetings employees with management or execution powers within the company and, as the case may be, when discussing problems of professional, economic and social concern, may also invite the president of the union.

z) any other member of the Board of Directors may request the Director General information regarding the operative management of the company. The Director General has the obligation to inform the Board of Directors regularly and comprehensively on the operations undertaken or contemplated;

The executive directors without contract for mandate are hired/appointed/dismissed/promoted/suspended/fired by the General Director. The Executive Directors are subordinated to the Director General, are company employees, or, as the case may be, are exercising the attributions set in the contract of mandate or by the Director General and, as the

case may be, by the Board of Directors, as well as by the Organizational and Operational Rules and Regulations governing CONPET S.A. and the job description.

II.4.2 Appointment and Remuneration of the Director General

The Director General of the company is appointed by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, from within the members of the BoD or outside the BoD. When examining the applications, the Board of Directors may decide to assist or that the selection be carried out by an independent expert, natural or legal person, specialized in the recruitment of human resources, whose services are contracted under the law.

The Board of Directors or, where appropriate, the independent expert shall establish the selection criteria, which shall include, at least but not limited to, relevant experience in management consulting or in the management of public undertakings or private sector companies. The selection criteria will be elaborated and selection will be made according to the principles of free competition, non-discrimination, transparency and accountability assumption and considering the specific domain of activities of the trade company.

The General Meeting of Shareholders approves the general limits of the Director General's remuneration and the conditions for granting it. The remuneration policy of the Director General is proposed by the Nomination and Remuneration Committee and includes a fixed and a variable component, whose level is determined by the Board of Directors.

II.5 Code of Ethics and Integrity

According to EGO no. 109/2011 on the corporate governance of public enterprises and within the Development Program of the Internal Control Management System elaborated in accordance with OSGG 600/2018, having regard to the need to build an integrity culture within CONPET, a new Code of Ethics and Integrity was drafted and an ethics counselor within the Integrity Office was appointed.

The Code of Ethics and Integrity is based on clear principles regarding compliance with the legal framework and internal rules, quality orientation, confidentiality, avoidance of conflicts of interest and incompatibilities, respect and trust, responsibility to the local community, environmental responsibility, transparency and loyalty.

The Code of Ethics and Integrity established the rules of conduct governing corporate values, responsibilities, obligations and business conduct, mandatory rules, applicable to all employees, from all organizational structures of CONPET SA.

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The Code of Ethics and Integrity defines conduct and conduct of integrity, prohibits the participation of employees in decision-making in situations where there is a conflict of interest, imposes restrictions on the offering/acceptance of gifts, favors or services, sets out the obligations of employees with regard to the protection of company assets and resources, specifies how to relate to the authorities on the basis of the principles of fairness, transparency and good cooperation, and mentions the rules of conduct during internal and external trips. Clear rules for dealing with shareholders regarding equal treatment and privileged information, as well as the use of honest and lawful practices in dealing with business partners, are also specified.

The Code of Ethics regulates the ethical rules necessary to obtain social and professional relationships corresponding to the creation and maintenance at a high level of the corporate prestige and values of society. CONPET S.A. Code contains regulatory provisions applicable to all employees regardless of the position occupied from which rights and obligations derive. Each employee must know and act in accordance with the provisions of this Code. The Code of Ethics is binding and applies in all CONPET S.A. structures.

The need for such a code assumes that, if a company ensures the effective functioning of promoting ethical behavior, causing attitudinal change among its staff, then this system may limit internal conflicts, thefts from company assets and frauds, the use of company resources for purposes other than those for which they are there, the use of its image for the personal benefit of employees or the sabotage of the interests of the company pr in the improper conduct of employees in relation to clients or business partners, i.e. corruption, etc., all of which may harm the company. The operation of such a system contributes to the consolidation of the internal integrity system and the feeling of safety of the employee, at the identification of the latter with the company's values, which translates into higher performance, thus higher profit.

Deviations from company values will be sanctioned in accordance with the legislation in force and the provisions of the Internal Regulation of CONPET S.A.

The Code of Ethics and Integrity can be accessed and consulted on the company's website.

III. Transparency, financial reporting, internal control and risk management

III.1. Transparency

As a company that operates in a competitive environment of great significance for the national economy, CONPET seeks to achieve the right balance between information of a confidential nature and those of public interest.

In order to ensure transparency and access to information of all the interested parties, CONPET disseminates relevant information through the submission of continuous periodic reports, covering the main aspects of its corporate governance policy, financial statements, and any other important event related to the Company. In this respect, CONPET also ensures that minority shareholders are protected against possible unfair shares and in the interests of significant shareholders acting either directly or indirectly.

As a company admitted to trading, PREMIUM category, CONPET is continuously subject to financial reporting and informing requirements imposed by capital market institutions, making financial reports in accordance with the highest accounting standards - International Financial Reporting Standards (IFRS) transposed into the national legislation by PFMO no. 1286/2012 for approving the Accounting Regulations in accordance with IFRS, applicable to trade companies whose securities are admitted to trading on a regulated market.

On www.conpet.ro website, any investor can easily access information about: Company strategy, news, information and events, corporate governance, shareholder rights, reports and presentations. The above information is found both in Romanian and in English. In addition, CONPET has created an entity dedicated to the investors' relation.

III.2. Financial Reporting

CONPET S.A. prepares and disseminates financial reporting according to IFRS (International Financial Reporting Standards). The company shall draw up annual financial statements as well as periodic interim financial statements which shall be made available to all interested parties through the BSE and its own website.

The annual financial statements are examined by the financial auditor appointed by the OGMS, in accordance with the effective law.

The Audit Committee shall consider the proposals of the executive management on the appointment, reappointment, revocation of the external financial auditor, as well as the terms and conditions for its remuneration. Makes recommendations on the external financial auditor following to be validated by the BoD and to be submitted for approval of the OGMS. It shall also verify and monitor the independence of the statutory auditor or audit firm and, in particular, the provision of additional services for CONPET S.A., if requested.

For the information of the shareholders and investors, CONPET makes a calendar of financial reports at the beginning of the year that is being communicated to the Bucharest Stock Exchange and the Financial Supervisory Authority.

CONPET shall promote during the year meetings with investors, financial analysts, intermediaries (brokering houses) and the media for the purpose of presenting financial analyses necessary for the investment decision.

III.3 Risk Management and Internal Control System

Risk management is an essential part of the strategic management of any organization, being the process whereby organizations methodically address the risks of their activities thus increasing the understanding of the potential advantages and disadvantages of factors that could affect the organization. This approach increases the likelihood of success and reduces the probability of failure and also the level of uncertainty associated with achieving the organization's objectives.

Within CONPET S.A. risk management is already an essential component in every project, in prioritizing the actions and investments. The company's management is still concerned and responsible for establishing and approving the policies, aligning the objectives related to risk management with the company's objectives and strategies and allocating the necessary resources.

The main objective of CONPET is to ensure safe and stable operation, meeting the requirements of all stakeholders.

Within CONPET S.A. is implemented and certified the integrated management system, in accordance with the requirements of international management standards (also adopted in Romania):

- of Quality (ISO 9001);
- of Environment (ISO 14001);
- of Occupational Health and Safety (ISO 45001);
- of Energy (ISO 50001).

The Railway Safety Management System has also been implemented in CONPET, in accordance with national and European reference legal regulations. The field of application of this system includes the railway ramps where CONPET carries out railway shunting.

In addition, CONPET S.A., defined as a public entity in accordance with the provisions of the Order of the Secretary General of the Government no. 600/ 2018, applies the Code of Internal Management Control of Public Entities, approved by that regulation.

According to the provisions of O.S.G.G. no. 600/2018 for the approval of the Code of Internal Management Control of Public Entities, is appointed by decision of the Director General the

Commission for monitoring the internal management control system. The risk management process is the responsibility of the President of the Monitoring Commission.

All of these management systems have as a common requirement the risk-based procedural approach.

In CONPET S.A. the documents of the process "Risk management" (process sheet, flow diagram, system procedure) describe the sequence of activities, how they are carried out, the objectives and indicators by which the effectiveness of the process is monitored, as well as the responsibilities related.

The "Risk Management" system procedure, code PS-MI-18 establishes the methodology for identifying, analyzing and managing risks regarding the achievement of the general objectives of the organization and the specific objectives at the level of all entities, as well as the risks associated with the objectives of the processes, the context of the organization, significant environmental aspects and compliance obligations. Significant risk treatment shall be carried out by establishing measures to prevent or reduce the effects in the event of materialization of risks.

Each year, the state of implementation of risk control measures shall be analyzed and reported, new risks identified and managed, updating the Risk Register on CONPET.

In CONPET, the risk profile, risk tolerance limit and risk appetite of the organization shall be analyzed and approved annually by the Monitoring Commission and approved by the Director General.

The Monitoring Commission shall analyze annually, with a view to approval by its President, information on the monitoring of performance and the conduct of the risk management process. The information shall be submitted to the Director General and to the Audit Committee of the Board of Directors.

IV. Rights of Holders of Financial Instruments issued by CONPET S.A.

The Company's shares are nominative contain all the elements required by law, are issued in dematerialized form and are registered in the Shareholders Register and their evidence is kept by S.C. Depozitarul Central SA Bucharest. All actions shall be of equal value and shall confer equal rights and obligations to the holders in accordance with the Articles of Incorporation and applicable law.

Each subscribed and paid share, according to the law, gives the holder the right to one vote in the General Meeting of Shareholders, the right to elect and to be elected in the governing bodies, the right to participate in the distribution of dividends according to the provisions of Articles of

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Incorporation and the legal dispositions, as well as other rights provided for by the law and the Articles of Incorporation.

At the meeting may take part and vote only the shareholders registered at the reference date, in person or by representatives, based on a special or general empowerment, as per the legal provisions. Shareholders may also vote by correspondence (using the correspondence voting form) as well as by electronic means, in accordance with the applicable provisions.

The company provides equal access of Shareholders to relevant information (GMS convocation, financial calendar, current reports, financial statements of the Company, GMS meeting documents, etc.) by posting them on its website (www.conpet.ro), and on the BSE and FSA websites, thus contributing to a fair and transparent information to shareholders in order to allow the full realization of the rights of shareholders. Also, on the Company's website, there is a section that provides information on the rights of shareholders, namely the rules of participation in the GMS.

Each shareholder may address to the BoD, questions in writing concerning the activity of the company, prior to the date of the general meeting progress, in the term specified in the convening of the general meeting, following to be answered at the meeting.

The rights and obligations of the shareholders are listed in the Articles of Incorporation, the main rights of them being: the right to be informed; to elect and to be elected in the governing bodies of the Company; to revoke the members of the BoD; the right of shareholders who own individually or together, at least 5% of the share capital to call GMS and to require introduction of new items on the agenda of a General Meeting of Shareholders or to submit draft resolutions on the items on the agenda; the right to participate in dividends distribution according to legal provisions and disposals and also other rights provided by law and by the Articles of Incorporation.

The holding of shares involves the legal adhesion to the Articles of Incorporation. The rights and liabilities corresponding to the capacity of shareholder observes the legal regime of the shares at their passing to other persons' property. In case of issuance of new shares, the existing shareholders have preference right to subscription, under the law.

The shareholders are entitled to a fair and complete information in the General Meeting of Shareholders on the company's situation.

V. Conflict of Interest and Transactions with Involved Persons (“self transactions”)

The BoD and the Director General shall adopt appropriate operational solutions to facilitate the identification and resolution of the situations in which an administrator has a substantial interest in their own name or on behalf of third parties.

The members of the BoD and the Director General will exercise their mandate with loyalty, in the company’s interests. The administrator or the Director General does not break this obligation if, at the moment of making a business decision, he is reasonably entitled to consider acting in the company’s interest and based on adequate information. Business decision - means any decision to adopt or not certain measures regarding the company administration.

Each member of the Committees should ensure strict confidentiality of all information that it 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 a 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.

The Administrator or the Director General having, in a certain operation, directly or indirectly, interests contrary to the company, must notify in relation thereto the other administrators and the internal auditor and not take part to any deliberation regarding this operation. The same is the duty of the Administrator or the Director General if, in a particular operation, knows that the spouse, relatives or affiliates up to the fourth degree inclusively are interested. These interdictions are not applicable in case the scope of the vote is the following:

- offering for subscription, to an administrator or to the director general or the persons referred to, company shares or bonds;
- granting, by the administrator or the director general or the persons referred to of a loan or the establishment of a guarantee in favor of the company;

Crediting by the company to the Administrators and to the General Director is prohibited through operations such as:

- granting loans;
- granting financial advantages on the occasion of or subsequent to the conclusion between the company and the here above mentioned of goods delivery operations, services supply or works execution operations;

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- direct or indirect guarantee, in whole or in part, of any loans granted, concomitant or after granting the loan;
- direct or indirect guarantee, in whole or in part, of the execution by the administrators or by the director general of any other personal obligations thereof to third persons;
- acquisition by onerous title or payment, in whole or in part, of a debt whose object is a loan awarded by a third party to the administrators or to the Director General or another personal service thereof. These provisions are also applicable to the operations in which are interested the spouse, relatives or in-laws up to the fourth degree inclusive of the administrator or of the director general; also, if the operation concerns a civil or commercial company in which one of the persons above mentioned is an administrator or holds, alone or together with one of the persons mentioned above, a share of at least 20% of the subscribed capital. The mentioned provisions shall not be applied:
 - a) in the case of operations whose cumulative outstanding amount is less than the equivalent in lei of 5,000 Euro;
 - b) if the operation is completed by the company in exercising its current activity and the operation terms are not more favorable for the above-mentioned persons;
 - c) than those, that usually, the company performs towards third parties;

Under the sanction of nullity, the administrators or the Director General can, on their own behalf, alienate, respectively acquire, goods to or from the company having a value of over 10% of the company's net assets value, only after obtaining the approval of the Extraordinary General Meeting, under the conditions provided in Law no.31/1990 regarding the companies.

By accepting the mandate of administrator, the members of the Board of Directors undertake a firm, unilateral and unconditioned commitment to respect the loyalty and confidentiality obligations, as well as the regime of privileged information provided by law in respect to any information, data, documents and/or facts relating to the work carried out by "CONPET" S.A, of which they have become aware in the course of their duties as administrator.

Each member of the BoD shall ensure that there is no direct or indirect conflict of interests with the company and shall refrain in the event of such conflict from any discussion and vote on such matters in accordance with the legal provisions in force.

In order to ensure procedural fairness of transactions with the involved parties, members of the BoD appeal to the following criteria, but will not be limited to these:

- maintaining the competence of the BoD or GMS, as appropriate, to approve the most important transactions;
- requesting a prior opinion on the most important transactions from internal control structures;

- entrusting negotiations, in respect to such transactions, to one or more independent administrators or managers not connected with the parties concerned;
- using independent experts;

VI. The Regime of Corporate Information

The BoD establishes corporate policy of disseminating information, respecting the law in force and the Articles of Incorporation of the Company. This policy must guarantee equal access to information of shareholders and investors and should not allow abuses on confidential information, or information about “self transactions”.

The company will ensure a correct circuit of the corporate information, giving special importance to the information that can influence the evolution of the market price of securities issued by it.

The members of the BoD and the Director General are required to keep the confidentiality of documents and information received during their mandate, regarding the company and its activity. This liability is being accounted for also after the termination of the mandate, for a period of 5 years. Moreover, they must observe the privileged information regime provided in ASF Regulation no.5/2018 regarding the issuers of financial instruments and market operations and in the incidental regulations.

VII. Social and Environmental Responsibility of the Issuer

Corporate Social Responsibility is the permanent commitment of CONPET to ethical behavior that includes social and environmental concerns in its business and contacts with other parties and contributes to economic development by improving the quality of life for both its own human resources and for the community it belongs to.

Corporate Social Responsibility is an inherent part of CONPET’s strategy. The company proposes that each employee of the company to have a socially responsible behavior. Respect for people, responsibility for the environment and involvement in community life are essential values and major priorities for CONPET.

Therefore, CONPET is responsible not only for itself, but for customers, shareholders and employees of the company, since their work has always had an impact on the society and on the environment.

Responsibility for the environment and care for the Community where we work are our top priorities. The company has assumed firm commitments related to environmental protection by

optimizing its performances in environmental protection, pollution prevention, efficient use of energy, natural resources, raw materials, information and awareness of its own staff and the community on the importance and necessity of complying to regulations and recommendations aimed at protecting the environment.

Consistent with the principles of sustainable development, CONPET uses the tools specific to a modern economy, tools offered to maintain and continuously improve the efficiency of the Integrated Management System: Quality, Environment, Health and Occupational Safety, Energy Management System of the standards contained in the Internal Management Control Code, as well as maintenance and improvement of the Railway Safety Management System in accordance with national and European Union regulations.

The Company is committed to achieve and maintain the highest standards in all aspects of its activity, to have a positive impact on all the communities in which it operates. Particular attention is paid to education, sports and cultural activities and the humanitarian spirit. This engagement involves not only providing financial support to certain institutions but also working together for each employee, partner, collaborator, shareholder to be treated with dignity and respect.

The company has supported, through sponsorship actions, projects with a tradition or a significant and lasting impact on the community, but also smaller requests for individual ideas, actions or individual performance.

CONPET SA targeted that the sponsorship meant to support certain projects and events carried out by the non-profit organizations be as effective as possible from the social point of view and the granted financial support represent a consistent support for people.

One of CONPET long-term strategic objectives is attending professional development of employees through continuous improvement of knowledge and skills. Since the training of a specialist in the oil field requires a long period of preparation and training, the company has chosen to collaborate with the Oil&Gas University of Ploiesti for selection of the best students of the faculties in the field. Even before they become employees of the company they are offered the possibility of attending internships within the company.

Corporate governance imposes ethical principles and Corporate Social Responsibility, but all the rules and procedures that they promote have as their common goal to increase the value of the company.

VIII. References

The Corporate Governance Rules will be revised, whenever necessary, independently of the change in the management system adopted by the company. The revision will be achieved through the legislative framework in the field and will be adapted to include legislative changes and to be according to the latest international standards and best practices in terms of corporate governance.

CONPET S.A. joins the Corporate Governance Code of Bucharest Stock Exchange and will apply the recommendations of this code according to the Declaration of compliance or non-compliance with the provisions of the Corporate Governance Code. The mentioned declaration shall be included in the annual report, which shall be binding on the companies listed on the BSE. In case of non-compliance with the provisions of the BSE Corporate Governance Code, CONPET S.A. will provide the necessary explanations.

References:

- Law no. 31/1990 on the companies, republished, further amendments and completions;
- EGO no. 109/2011 on the corporate governance of public enterprises;
- Law no. 24/2017 regarding the issuers of financial instruments and market operations;
- FSA Regulation no. 5/2018 regarding the issuers of financial instruments and market operations;
- Corporate Governance Code of the BUCHAREST Stock Exchange;
- Compendium of good corporate governance practices issued by the Bucharest Stock Exchange;
- Policies and regulations adopted by CONPET S.A. (The Code of Ethics and Integrity, BoD Organizational and Operational Rules and Regulations, CONPET Organizational and Operational Rules and Regulations Consultative Committees Internal Organizational and Operational Rules and Regulations, etc.)

Lista of abbreviations

The Issuer, the Company or the Firm - CONPET S.A. Ploiesti

GMS General Meeting of Shareholders

OGMS Ordinary General Meeting of Shareholders

EGMS Extraordinary General Meeting of Shareholders

FSA Financial Supervisory Authority

BSE Bucharest Stock Exchange

BoD Board of Directors

CGR Corporate Governance Rules

OORR Organizational and Operational Rules and Regulations

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

FLORIN GHEORGHE