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**THE CORPORATE GOVERNANCE RULES**

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**CONPET S.A.**  
**Ploiesti**

### ***Preamble***

According to the OECD (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, GEO no. 109/2011 defines the corporate governance of the public enterprises as being “the set of rules, procedures and processes for the administration and management of the public enterprise, which determine the way in which the rights and obligations of the various participants are established, respectively the governance structure of the public enterprise, as well as the board of directors and supervisory board, directors and directorate, shareholders and other interested persons, which establish the structure and functioning of the decision-making system, with the purpose of ensuring the compliance of the directorate strategic principles of the public enterprise, as well as its management with the standards of good corporate governance contained in the Principles of the Organisation for Economic Co-operation and Development (OECD) on corporate governance, as well as in the OECD Guidelines on the Corporate Governance of Public Enterprises”.

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 governing 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 consultative committees set up in support of these structures to fulfill their responsibilities.

The purpose of the Corporate Governance Rules 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 Rules 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.

The document was approved and assumed by the Board of Directors on. 14.11.2024 by BoD Decision no. 24.

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## I. The Administration system

CONPET S.A. has a unitary administration system. Should a dualist management system be 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 Director General/Directors with mandate contracts.

### II.1 General Meeting of Shareholders

The shareholders exercise their rights within 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 (GMS), the conditions for organizing and validation thereof. CONPET observes the legal provisions regulating the performance of the GMS meetings for the 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 applicable legislation, 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 Meeting of Shareholders is open and is presided by the Chairman of the Board of Directors or, in his absence, by his substitute. Each shareholder may address to the Board of Directors written questions regarding the company's business, before the date of the general meeting, within the term indicated in the Convening Notice of the general meeting, which shall be answered within the meeting.

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) gives him 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 the Company's management body, which decides upon the company business, 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; when appointing the administrators, the OGMS will take into account the fact that the majority of the members of the Board of Directors must be non-executive and independent;
- 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;
- 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 set 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 of Shareholders 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 domestic or abroad, except the non-profit organizations constituted in accordance with the law, for which the competence to approve the adhesion/withdrawal of the company from membership belongs to the Board of Directors;
- 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 resolution 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 from 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 resolutions taken 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, the BoD 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 in unitary system, by a Board of Directors, composed of 7 administrators, appointed by the Ordinary General Meeting of Shareholders for a period of 4 years,

with the possibility to be reelected over new periods of 4 years. The administrators may have the capacity of shareholders. For the appointment of an administrator to be legally valid, the appointee must expressly accept it. The identification data of the administrators shall be registered with the Trade Register Office in accordance with the legal provisions. Most of the BoD members is made of non-executive and independent administrators. The members of the Board of Directors would be revoked based on the resolution of the General Meeting of Shareholders.

The selection process and the election of the administrators are performed in compliance with the G.E.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, based on 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 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 positions, the Board of Directors shall appoint one or more provisional administrators, until the convening of the Ordinary General Meeting of Shareholders. The Board of Directors will ensure that the majority of non-executive and independent administrators is maintained when appointing provisional administrators.

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

### ***The Meetings of the Board of Directors***

The Board of Directors meets, as a rule, at the company's headquarters, or at any of the company's work sites or in any place communicated by the Convening Notice. Operative meetings of the Board of Directors may be organized by means of remote communication that meet the technical conditions necessary for the identification of participants, their effective participation in the meetings of the Board of Directors and the continuous retransmission of the deliberations (by e-mail, telephone, video conference or other communication equipment), whenever necessary, but at least once every 3 months, at the call of the Chairman or at the reasoned request of 2 of its members or of the General Director/Directors. In this case, the Agenda is established by the authors of the request. The Chairman is obliged to comply with such a request. The Board of Directors is chaired by the Chairman. If the Chairman is temporarily unable to exercise his duties, during the respective state of affairs, the Board

of Directors may appoint another administrator to perform the capacity of Chairman, at the proposal of the Chairman of the Board of Directors.

After the Chairman of the Board of Directors has established the agenda and the details regarding the holding of the meeting, the Board of Directors secretariate has the obligation to notify all members of the Board of Directors, by phone and e-mail, at least 3 working days before the date on which the meeting is to take place. In special cases, the meeting may be convened as a matter of urgency. The call will include the date, time and place where the meeting will take place, and will have the Agenda attached. In well-justified cases, the Chairman of the Board of Directors may order the rescheduling of the date of the meeting or the supplementation of its agenda, including the date of transmission of the materials, in agreement with the members of the Board of Directors.

The members of the Board of Directors may be represented at the meetings of the respective body only by other members of the respective body. A present member may represent one absent member. For the validity of decisions, the presence (directly or by representation) of at least five board 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. The "Abstention" position adopted by an administrator regarding the items on the agenda of the meeting does not represent a vote cast. 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. This procedure cannot be used in the case of decisions relating to the annual financial statements or the authorized capital. The Board of Directors will be asked to approve and transmit the vote by remote communication means (e-mail).

The protocol of the meeting shall be typed by the Secretariat of the Board of Directors and shall contain 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, the BoD members (only those who participate directly in the meeting; they can also have a representation mandate given by another administrator) and by the Board of Directors' Secretariat and will be attached by pasting it in the register of meetings and deliberations of the Board of

Directors. The decisions of the Board of Directors and the protocols of the meetings will be sent by e-mail to the administrators.

## II.2.2 Role and Liabilities of the Board of Directors

The Board of Directors' attributions are established by the company's Articles of Incorporation, by Romanian law, as well as other attributions established by the general meetings of shareholders as falling under the responsibility thereof, namely, mainly the following:

- a) Convenes the general meetings of the company's shareholders and establishes the agenda, at the same time endorsing the meeting materials;
- b) Prepares the annual report which will be presented to the General Meeting of Shareholders, along with the annual financial statements and the financial auditor's report, as well as other reports required by the applicable legislation, in compliance with the reporting requirements established by the capital market legislation and other incidental regulations;
- c) Concludes legal documents in the name and on behalf of the company, through which to acquire assets for itself or to alienate, rent, exchange or constitute as a guarantee assets in the company's patrimony, the value of which exceeds half of the accounting value of the company's assets on the conclusion date of the legal document, only with the approval of the Extraordinary General Meeting of Shareholders;
- d) Presents to the internal auditors and the financial auditor at least 30 days before the day set for the general meeting, the annual financial statements for the previous financial year, accompanied by the administrators' report and supporting documents;
- e) Annually submits to the approval of the Ordinary General Meeting of Shareholders, after the end of the financial year, the financial statements for the previous year, accompanied by the administrators' report on the company's activity and the financial auditor's report;
- f1) Endorses and submits to the approval of the Ordinary General Meeting of Shareholders the Revenues and Expenditure Budget of the company (*Ro. BVC*) for the following financial year, as well as the rectification of the Budget, which in accordance with the legislation in force, is the exclusive competence of the GMS; approves the Budget rectifications which fall within the approval competence of the Board of Directors, according to the legislation and methodological norms in force;
- f2) Endorses the investment program for the following financial year, which includes the detailed structure by investment objectives before submission for the approval of the GMS of its centralized structure; approves the investment program, the detailed structure by investment objectives after approval by the GMS of its centralized structure; approves the rectification of the

investment program within the same total values approved by the GMS; approves the current repair program and its rectification; decides the delegations and competency limits granted to the Director General regarding the approval of the rectification of the investment program and the current repair program;

f3) Approves the procurement program and its revision/rectification; decides the delegations and competency limits granted to the Director General regarding the approval of the review of the procurement program;

f4) Approves the company's adherence to/the company's withdrawal from the non-profit organizations established in accordance with the legislation in force;

g) Approves the Collective Labor Agreement (*Ro. CCM*) at company level and the conclusion of addenda to the CLA and mandates the Director General to conduct negotiations between the parties and sign documents;

h) Approves the organizational structure and related personnel structure, the organization and operation regulations and the company's internal regulation;

i) Develops and submits for approval to the Ordinary General Meeting of Shareholders the administration plan, within 90 days from the appointment of the administrators as per the conditions provided by GEO no. 109/2011;

j) Delegates to the director general/directors with mandate contract the duties of managing the company in areas of competence and establishes through the mandate contract their rights and obligations, competences, attributions, responsibilities; in the event that the director general/directors with mandate contract are unable to exercise their duties (annual leave, sick leave, travel, etc.), they can delegate the duties according to the provisions of the mandate contract and/or the decisions of the Board of Directors;

k) Oversees the activity of directors with a mandate contract in regard to the management of the company, including its administration, and approves the quarterly, half-yearly and annual activity reports elaborated by the directors, as well as any other activity reports submitted for approval;

l) Appoints and revokes the company's directors with mandate contract and establishes their remuneration, the general limits of which are set by the Ordinary General Meeting of Shareholders through the Remuneration Policy. Establishes the objectives and performance criteria of the directors with a mandate contract and takes note, periodically, of the degree of their fulfillment; approves the overall degree of fulfillment of the objectives and performance criteria of the directors with a mandate contract, for the previous year, correlated with the financial statements of the respective financial year;

- m) Establishes the main business directions and approves the company's strategies and development policies;
- n) Establishes the accounting policies and the financial control system and approves the financial planning;
- o1) Approves/endorses the protocols regarding the results of the inventory of assets from the company's patrimony/from the public property of the state; approves/endorses proposals for decommissioning fixed assets, decommissioning inventory items in use, declassification and scrapping of some material assets, other than fixed assets in the company's patrimony/in the state's public patrimony, whose retainment is no longer justified; approves/endorses the methods of capitalization of these assets and the starting prices at the auction for the assets proposed for capitalization via said auction; can delegate to the director general the competence to sign the protocols of decommissioning of fixed assets/decommissioning of inventory items/downgrading of material assets;
- o2) Approves sponsorship requests and those for including in the company's costs amounts representing penalties, late fees, fines, over 100,000 RON; delegates to the Director General the authority to approve the transfer to costs of amounts representing fines, penalties, late fees, up to the maximum limit of 100,000 RON;
- o3) Approves the external travel of BoD members and of the director general/directors with mandate contract;
- o4) Approves the participation of BoD members and of the director general at training or professional development courses/conferences; regarding the expenses incurred by the travel of the BoD members at the company's headquarters/workpoints, they will be settled by the company, the director general ordering their payment based on the supporting documents;
- o5) Delegates to the director general the power to approve the domestic travel of directors with a mandate contract and their participation in training or professional development courses/conferences;
- p) Proposes to the shareholders the market on which the securities issued by the company will be ranked and chooses the authorized independent registry company that keeps records of the shares issued by the company;
- q) Requests and receives reports from the company's internal audit;
- r) Introduces the application for the initiation of the insolvency procedure as per Law 85/2014 on insolvency prevention and insolvency procedures;
- s) Performs all necessary and useful documents for the achievement of the company's core business, except for those reserved by law for the general meeting of shareholders;

- t) Engages current bank loans and trade credits, in accordance with the competences and degree of contracting established by the Extraordinary General Meeting of Shareholders and approves the issuance of guarantees;
- 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 General Meeting of Shareholders, ensuring that the enforcement of the resolutions be taken by the compliance of the lawfulness of the company business; ensures and is responsible for carrying out of any tasks and attributions established by the General Meeting of Shareholders or that are provided by the legislation in force, including the regulations in force regarding the capital market, as well as the company's business, in terms of both direct duties, as well as for those assigned to the Director General/Directors with mandate contract;
- w) Approves the management plan developed and presented by the director general/directors with mandate contract, within 90 days from the date of his/their appointment under the conditions provided by GEO no. 109/ 2011 on the corporate governance of public enterprises;
- x) Biannually submits, within the Ordinary General Meeting of Shareholders, a report on the administration activity, which also includes information regarding the execution of directors' mandate contract, details regarding the operational activities, on the company's half-yearly accounting reports of the company;
- y) Submits, within the Ordinary General Meeting of Shareholders which approves the annual financial statements an annual report (remuneration report) elaborated by the Nomination and Remuneration Committee within the Board of Directors, regarding the remunerations and other advantages granted to administrators and directors with mandate contract during the previous financial year, report structured according to the provisions of the legislation in force;
- 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, domestic and abroad;

The attributions received by the Board of Directors from the General Meeting of Shareholders cannot be delegated to the director general/directors with mandate contract.

The Board of Directors represents the company in relations with the directors with mandate contract.

The rights and obligations of administrators are set out in the Mandate Contract.

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

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

The remuneration of the members of the Board of Directors, namely non-executive administrators, appointed by the OGMS is established in accordance with the provisions of GEO no. 109/2011 by the General Meeting of Shareholders, consisting of the gross monthly fixed allowance and a variable component.

The remuneration policy represents the set of guidelines established by the OGMS, which the Company implements and concerns the remuneration of administrators and directors with mandate contract, which corresponds to the business strategy, objectives, values and long-term interests of the Company.

The company wants to ensure a competitive remuneration level to entice, retain and motivate people with special professional training and significant managerial experience to be part of the administrative and executive management of the company.

The remuneration policy for administrators and directors with mandate contracts takes into account the following aspects:

- motivating the members of the Board of Directors and the directors with mandate contract to continue/target the long-term development and success of the company;
- the existence of a well-defined correlation between performance and remuneration;
- establishing the fixed allowance taking into account the conditions of the labor market and the dimensions of the activity conducted by the Company;
- establishing the variable component based on financial and non-financial key performance indicators resulting from the Administration Plan, negotiated and approved by the General Meeting of Shareholders, in the case of administrators, and by the Board of Directors, in the case of directors with mandate contract.

The general principles for establishing the remuneration policy for administrators and directors with mandate contract are the following:

- ✓ Enticing, retaining and motivating the most suitable people in the administrative and top management of the Company
- ✓ Ensuring the long-term sustainability of the company's profits and its activity and generating a long-term value
- ✓ Rewarding the achievement of objectives

- ✓ Maintaining competitiveness in the remuneration market
- ✓ Promoting transparency regarding remuneration and the criteria for establishing it
- ✓ Maintaining a fair balance between the fixed allowance and the variable component of remuneration.

## II.3 Consultative committees

Consultative Committees are established within the Board of Directors, in accordance with GEO no. 109/2011 on the corporate governance of public enterprises and with the provisions of the company's Articles of Incorporation, their members being appointed by Decision of the Board of Directors.

The Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee are mandatory, according to the legal provisions in force. By the Articles of Incorporation, in accordance with Art. 34 Para. (1) of GEO no. 109/2011, the Board of Directors can establish, by decision, other consultative committees, in various fields of activity, depending on the needs and management strategy of the Company.

In order to develop and maintain good practices in the administration of the activity, four committees are established at the level of the Board of Directors to assist it in fulfilling its duties. These Committees have a consultative role, having rules of organization and operation established by the Internal Regulations of the consultative committees.

The consultative committees have a minimum of 2 (two) non-executive administrators.

Each Consultative Committee is headed by a President, appointed from among its members. At least two members of each consultative committee must be independent, non-executive administrators. In the case of the Audit Committee and the Nomination and Remuneration Committee, the majority of members must be independent.

Committees meet at least twice a year, or whenever necessary, at the initiative of the Committee President, or at the request of any member, usually at the Company's headquarters or at any workplace of the company or at any place communicated by the convening. Operational meetings of the Consultative Committees can also be organized through means of remote communication that meet the technical conditions necessary for the identification of participants, their effective participation in the meetings and the continuous retransmission of deliberations (via e-mail, telephone, video conference or other communication equipment), whenever necessary, in order to carry out the duties that fall under their competence.

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

The meetings of the Consultative Committees are convened in a statutory manner if at least half plus 1 of the total number of Committee members are present, and the proposals/recommendations made to the Board of Directors (to justify its decision-making) are adopted with the majority of votes cast.

Members of the company's management and/or other specialists who may contribute to the resolution of the issues under examination can also be invited to the meetings, as deemed necessary.

After the analysis of the subjects brought to the attention of the Consultative Committee/Committees, by the executive/administrative management, as the case may be, a note/report will be elaborated and given to the Board of Directors, including mentions of the activities conducted (consultations, analyses carried out, etc.) and proposals, measures, recommendations, endorsement, depending on the situation. The report will be presented to the Board of Directors in good time, before its meeting.

The mandate of the members of the Consultative Committees is valid for the period in which they have the capacity of administrators within the Board of Directors and it has the same duration as that of the administrator's mandate, usually 4 years. The representation mandate of the members appointed in the Consultative Committees who have properly fulfilled their duties can be renewed, if the administrator mandate is also renewed. Termination of membership in a Committee occurs by reconfiguration of the structure/composition of the Consultative Committees, by resignation and in all cases where the mandate of the administrator ends.

In the case of a vacancy in the Consultative Committees, a new member is appointed from among the administrators, in compliance with the legal provisions, and any change in the nominal structure of the non-executive administrators in the Board of Directors will be followed by the Decision of the Board of Directors regarding the nomination of the members of the Consultative Committee, namely establishing/reconfiguring the make-up of the Consultative Committees.

The executive management of the Company will ensure the access of the members of the Consultative Committees to any information necessary to fulfill their duties. Any administrator can be part of several Consultative Committees.

The members of the Consultative Committees have the obligation to exercise their mandate with prudence and the diligence of a good administrator, with loyalty, in the interest of the Company. All members of the committees, as well as those invited to their meetings, are bound to maintain the

confidentiality of all information obtained regarding the analyzed documents, as well as to respect the regime of classified, confidential and privileged information.

Committee members must notify the committee president and the other committee members of any conflicts of interest that have arisen or may arise and abstain from participating in discussions and voting on the adoption of a decision on the matter giving rise to said conflict of interest.

Administrators are required to declare any actual or potential conflict of interest at the commencement of Committee meetings and not to take part in any Committee deliberations with respect to transactions in relation to which such conflict of interest exists.

If a transaction in which an administrator has an actual or potential conflict of interest cannot be avoided, the transaction or business relation with the Company will be approached in a fully transparent manner.

The attributions and responsibilities of the consultative committees are established by the Board of Directors.

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

- Audit Committee;
- Nomination and Remuneration Committee;
- Risk Management Committee;
- Committee for Development and for Relations with Investors and Authorities.

Convenings for the meetings of the Consultative Committees are usually sent 3 days prior to the date of the meeting at the request of the President of the Consultative Committee and include information about the agenda, date, time and place/method of holding (at the Company's headquarters, teleconference, other place established by mutual agreement, via e-mail). Depending on the topics addressed, the Consultative Committees can meet in joint session.

### II.3.1 Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of at least 3 (three) non-executive directors. A majority of the members of the Committee must be independent non-executive directors and the President of the Committee will be an independent non-executive director.

The Nomination and Remuneration Committee is a permanent committee with an advisory function, directly subordinated to the Company's Board of Directors.

The Nomination and Remuneration Committee has the following main attributions:

- a) In the field of nomination activity:

Depending on the person in charge appointed by the GMS for the organization of the selection procedure of the administrators (the tutelary public authority or the Board of Directors), the Council coordinates the procedure or just assists the tutelary public authority during the process when provided by the legislation.

Thus, 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 board's profile and matrix, the selection criteria of candidates for the position of administrator (based on the letter of expectations);
- a.3. carries out the final evaluation of the candidates selected in the short list and prepares the report for the final appointments by which it formulates proposals to the Board.

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

Thus, the Committee:

- a.4. establishes and submits to the approval of the Board the selection procedure of directors;
- a.5. elaborates the terms of reference for the independent expert;
- a.6. establishes the selection criteria for directors;
- a.7. coordinates the selection process and prepares the specific documents required by the applicable legislation in collaboration with the independent expert;
- a.8. conducts the final evaluation of the 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 through addenda.

b) In the field of remuneration activity:

- b.1. formulates proposals regarding any policy related to the remuneration of administrators and directors with mandate contract, in compliance with the remuneration policy sent by Agency for Monitoring and Evaluation of Performance of Public Enterprises (*Ro. AMEPIP*), including proposals regarding the amount and conditions for granting the fixed and variable allowance due to the members of the Board of Directors, as well as the general limits of the remuneration of directors with mandate contract, in view of their approval by the Board of Directors and submission for approval by the General Meeting of Shareholders;
- b.2. formulates proposals regarding the directors' remuneration within the general limits established by the GMS and by law;

- b.3. elaborates and submits to the Board for approval a Policy regarding the remuneration of administrators and directors that will be published on the company's website;
- b.4. prepares an annual report on the remuneration and other benefits granted to administrators and directors, which will be presented during the GMS meeting in which the annual financial statements are approved;
- b.5. analyzes, evaluates and proposes to the Board of Directors any payment commitment or compensation to be provided in the Mandate Contracts of the administrators/directors.

c) In the field of evaluation activity:

- c.1. assists the Chairman of the Board in the process of evaluating the performance of administrators;
- c.2. assists the Chairman of the Board in identifying the training and development needs of administrators;
- c.3. periodically or at least annually evaluates the independence of the members of the Board;
- c.4. proposes to the Board changes in the structure of the consultative committees when it encounters changes in the status of administrators or other relevant aspects;
- c.5. assists the Board in the process of evaluating the directors' performances.

d) Other attributions and responsibilities:

- d.1. submits quarterly reports on the activity to the Board of Directors;
- d.2. periodically revises the Internal Regulation of the committee and submits for the approval of the Board of Directors any changes it deems necessary;
- d.3. annually evaluates its own performance and prepares an activity plan for the following year, which it will submit to the Board of Directors for approval;
- d.4. in order to fulfill the required attributions, it may call, if necessary, for assistance from independent experts;
- d.5. analyzes proposals to amend the Collective Labor Agreement applicable at the Company level;
- d.6. other attributions provided by law.

### II.3.2 The Audit Committee

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 Audit Committee is formed by a minimum of 3 (three) non-executive administrators, the majority of its members being independent and of with at least one is qualified as a financial auditor or has at least 3 years of experience in statutory audit, acquired by participating in statutory audit missions in Romania, in another member state, in an EFTA state, in Switzerland or in the United Kingdom of Great Britain and Northern Ireland or within the audit committees formed at the level of administrative/supervisory boards of companies/public interest entities, proven with documents.

The President of the Audit Committee must be an independent non-executive administrator and must not be the same person as the Chairman of the Board of Directors.

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 for internal control, internal audit and financial audit;
- oversees the financial reporting process, being informed by the external auditor 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 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.
- 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 audit activity;
- 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 statuary auditor and the financial 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 internal public audit reports, recurrently analyses and endorses the ascertainment and recommendations of the internal audit, as well as the plan for implementation thereof;
- 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 public internal 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 control management;
- 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;
- annually examines the efficiency of the financial reporting and internal control;
- 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;
- may call, if necessary, for assistance from independent experts to fulfill the required duties.

### II.3.3 The Risk 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 Internal Control Management 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.

### **II.3.4 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.

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;
- supports the promotion and enhancing visibility of the Company within the capital market/ presentation of financial reports in a transparent manner;

- to analyze findings and penalties imposed by the authorities entitled to financial and fiscal control over the Company;
- 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;
- supports the Board of Directors and the executive management in order to develop and update the Company's medium/long term development strategy;
- formulates recommendations for the proposals of the executive management with strategic impact in the development of the company;
- elaborates proposals regarding the efficiency of the activity in order to develop the Company and analyzes the identified opportunities;
- to analyze the structure of the investment program (targets and centralized structure and list of independent facilities and equipment) and the proposals to bring amendments hereto, as well as to frame within the provisions of the Budget and 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 the progress of the annual investment and procurement program in order to meet the deadlines of the objectives and proposed activities;
- to assist the executive management in the steps taken to the regulatory and energy authorities regarding the technical, legislative aspects of the company's business;
- to analyze the proposals for the regulatory framework and to submit them to the Board of Directors;
- may represent the Company before the regulatory and energy authorities in order to fulfill the required duties; may seek, if appropriate, for external specialized assistance.

For fulfilling their duties, the Consultative Committees may:

- request internal/external auditors, external advisers, company entities or external persons, advice or assistance, if applicable;
- ask the executive management for any information they need;
- organize meetings with the Company's managers, internal/financial auditors or external specialized consultants, 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.
- Other regulatory acts applicable according to the powers of the Committees.

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

## II.4 The Directors

The Board of Directors will delegate the management of the company to one or more Directors, appointing one of them Director General. The Director General may be appointed from among the administrators, who thus becomes an executive administrator or from outside the Board of Directors. According to the law, by director one understands that person to whom management duties of the company have been delegated by decision of the Board of Directors and who concludes a contract of mandate with the Company, in accordance with the applicable legal provisions. The Director General of "CONPET" S.A. represents the Company in relations with third parties and in court. The Board of Directors represents the company in relations with the directors with mandate contract.

### II.4.1 The role and duties of the Director General/Directors with Mandate Contracts

The Director General/Directors are responsible for taking all the measures related to the company's management, within the company's core business and in compliance with the exclusive powers of the Board of Directors or the General Meeting of Shareholders, reserved by law or by the Articles of Incorporation.

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/Directors with mandate contract, 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 General Meeting of Shareholders can be delegated to the Director General/Directors with mandate contract.

The Director General/Directors with mandate contract have the following main tasks:

a) provide 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 by the Board of Directors;

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 GEO 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) The Director General 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) The Director General negotiates the individual employment contracts of the employees;

j) establishes the duties, powers and responsibilities in the job description for the directly subordinated positions in the organizational structure;

- k) ensures the framing within the payroll from the approved revenues and expenditure budget, under the conditions of the achieving productivity indicators;
- l) provides monitoring of the implementation of the provisions of the revenues and expenditure budget of the Company, by areas of competence;
- m) sets the objectives and performance criteria for the employees in management positions, tracks the degree of fulfillment thereof and evaluates the activity thereof on fulfilling their tasks foreseen in the job description;
- n) are not allowed to disclose data and confidential information and Company's business secrets, or information regarding the business. This obligation remains valid after the mandate termination, for a period of 5 years. Moreover, he must also comply with the inside information regime provided by the incidental legislation.
- o) Submits to the Board of Directors, monthly or whenever necessary, activity reports;
- p) have right of signature and specimen of signature in the bank and decide on the receipt and payment operations of the company; these duties can be delegated, in case of impossibility to exercise their duties, to other persons within the company, by decision of the BoD, the latter 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) the Director General negotiates and concludes the Collective Labor Agreement, in the name and on behalf of the company, as per the mandate given by the Board of Directors and in the form agreed upon following the negotiations between the parties;
- s) the Director General represents the Company in the relationships with the third parties and in Court;
- t) the Director General 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) the Director General 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 directors or any other employee of the company to exercise any power within her competence, both in the company's business and as regards the representation in relation to various authorities, public institutions, natural or legal persons, in justice etc., as required;
- w) the Director General signs the protocols of the decommissioning of fixed assets/scrapping 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 according to the area of expertise;
- y) the Director General organizes and manages an Executive Steering Committee consisting of the directors with mandate contract. 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/Directors information regarding the operative management of the company. The Director General/Directors are bound to inform the Board of Directors regularly and comprehensively of the undertaken and contemplated operations;

### **II.4.2 Appointment and Remuneration of the Director General/Directors with Mandate Contracts**

The Director General /Directors with mandate contract are 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, based on a selection procedure. 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, as the case may be, the independent expert, along with the members of the nomination and remuneration committee, establish the selection criteria, which shall include, at least but not limited to, a relevant experience in management consulting or in the management of certain public authorities, public enterprises 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 line of business of the company.

### **II.5 Code of Ethics and Integrity**

In accordance with the Government Emergency Ordinance no.109/2011 on the corporate governance of public enterprises with amendments and completions and within the Program for the development of the internal managerial control system developed based on the Order of the General Secretariat of the Government no.600/2018 on the approval of the Code of internal managerial control of public entities and in correlation with the legislative provisions on the National Anticorruption Strategy, given the need to build a culture of integrity within Conpet S.A., a Code of Ethics and Integrity has been developed, which is updated/reviewed periodically, depending on the needs, in

order to obtain social and professional relations corresponding to the creation and maintenance at high level of the prestige and corporate values of the company.

Providing a model of conduct, the Code of Ethics and Integrity of Conpet S.A. is a guide to ethically acceptable behavior at the level of the company and business partners /collaborators, which sets out principles and rules of conduct to be applied and respected by both administrators, directors with mandate contract and employees of the company, and by business partners /collaborators in their relationships.

The principles detailed within the Code are not exhaustive but express sufficiently to form a moral orientation for any employee /partner who must decide or must perform a duty of service /collaboration since the company Conpet S. A. has important attributions in an area of national regional and local interest and maintaining reputation is an important priority.

Also, the Code of Ethics and Integrity contains clear rules and obligations that support the implementation of the national integrity measures/standards imposed on the prevention and corruption fighting, regarding: the ethics and integrity counsellor, the declaration of assets and interests, the declaration of conflict of interest, incompatibilities and pantouflage, the access to information of public interest, the protection of whistleblower in the public interest, sensitive functions, the assessment of corruption risks and identified integrity incidents, as well as rules for dealing with: shareholders on equal treatment and privileged information; with authorities, business partners and the community based on principles of integrity, impartiality, non-discrimination and transparency.

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 to violation of law, 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 by improper conduct of employees in relation to clients or business partners, i.e. corruption etc., all of which being likely to significantly 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. Each employee must know and act according to the provisions of this code. The Code of ethics and integrity is mandatory and is applied within CONPET SA structures.

### 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 from 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 the protection of minority shareholders against possible abusive actions and in the interest of the 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 OMPF no. 1286/2012 for approving the Accounting Regulations in accordance with International Financial Reporting Standards, applicable to trade companies whose securities are admitted to trading on a regulated market.

On [www.conpet.ro](http://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 investor relation.

#### III.2. Financial Reporting

CONPET S.A. prepares and disseminates financial reporting according to IFRS (International Financial Reporting Standards). The company draws up annual financial statements as well as periodic interim financial statements which are made available to all interested parties through the BVB 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 considers 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; these are then to be validated by the BoD and submitted for approval of the OGMS. It also verifies and monitors the independence of the statutory auditor or the financial audit firm and, in particular, the supply 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 promotes, throughout 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. 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 prioritizing the projects, actions and investments. The company's management is concerned and liable 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.

Through "The politics of risk management", the top management of CONPET S.A. undertakes:

- to develop a risk-based cultural approach in all its processes and decisions and to encourage the immediate reporting of any new risks identified by any employee

- to establish, maintain and document appropriate risk assessment methods, plan and monitor significant risk control measures

- to allocate resources necessary for risk management, namely resources for training/training/awareness of personnel and resources for the implementation of the approved measures for risk treatment

- to establish clear responsibilities of personnel involved in risk management
- to systematically report relevant risk management data to stakeholders.

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 the international management standards (also adopted in Romania), as follows:

- The Quality Management System (as per ISO 9001);
- The Environmental Management System (as per ISO 14001);
- Occupational Health and Safety Management System (as per ISO 45001);
- Energy Management System (as per ISO 50001);
- Anti-Bribery Management System (as per ISO 37001).

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 related responsibilities.

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 and implementing measures meant to prevent or reduce the effects in the event of the 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 Registry at the level of 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, in view of approval by its President, the information on the monitoring of the performance and the conduct of the risk management process. The information shall be submitted to the Director General and 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 Registry 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 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](http://www.conpet.ro)), and on the BVB and ASF 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 questions to the BoD in writing concerning the activity of the company, prior to the date of the general meeting, in the term specified in the convening notice of the general meeting; the questions are to be addressed during 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 or to submit draft resolutions on the items on the agenda; the right to participate in dividends' distribution according to the legal provisions and disposals, as well as other rights provided by law and the Articles of Incorporation.

The holding of shares involves the implicit acceptance of 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 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 Board of Directors and the Director General shall adopt appropriate operational solutions to facilitate the identification and resolution of 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 have not been 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 Director General 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;

- 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 company or of any other kind, 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 share 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 to 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 inside information regime 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 a corporate policy of disseminating information, observing 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 Board of Directors and the Director General are obliged not to disclose the confidential data and information and the business secrets of the Company, as well as the information on the activity thereof. This obligation is still incumbent upon them after the termination of office, for a period of 5 years. Also, they must observe the inside information regime stipulated by the incidental legislation.

### VII. Social and Environmental Responsibility of the Issuer

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

CONPET SA is a company with a tradition of over 120 years in the transport of crude oil via pipelines in Romania, which performs an activity of strategic importance, with particular impact on the energy security and country's economy. Consequently, CONPET understands the important role of its activity, as well as the contribution that it must bring to the development of a sustainable and high-performance society.

Corporate Social Responsibility is an inherent part of CONPET's vision and strategy and respect for people, responsibility for the environment and involvement in community life are essential values and major priorities for the company.

CONPET has assumed firm commitments related to environmental protection by optimizing its performance in environmental protection, pollution prevention, efficient use of energy, natural

resources and raw materials. Thereto are added information and awareness of its own personnel, as well as the community on the importance and necessity of complying with 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 actions that CONPET takes in the field of CSR concern both the internal dimension, which aims to ensure a safe and healthy working environment, improving the quality of life of employees at work and outside the workplace, as well as the external dimension, that of the company's relationship with stakeholders, which aims to support the social development of the communities where it operates.

CONPET is committed to ethical, honest and upright conduct in its activities and in its relationship with stakeholders and to ensuring the adherence of its employees to professional conduct and ethics, in accordance with its values and organizational culture.

Aware of its status, that of a company with experience in the oil sector, CONPET aims to make its own contribution to society, through a committed attitude towards the requests received, which materializes in sharing knowledge and allocating financial resources to support community needs, projects and development.

Thus, the company supports, through sponsorship actions, projects of tradition or with significant and lasting impact on the community, but also smaller requests for individual ideas, actions or individual performance.

CONPET SA targets 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 consistent support for people.

Also, given the vast professional experience in its field of activity, CONPET has assumed the responsibility to participate in the training of the young generation of professionals in the oil sector, economic field and other technical fields, through collaborative actions with high school and higher education institutions, including internships of students/students.

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 administration 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 BVB. In case of non-compliance with the provisions of the BVB Corporate Governance Code, CONPET S.A. will provide the necessary explanations.

### *References:*

- Law no. 31/1990 on the companies, republished, further amendments and completions;
- GEO no. 109/2011 on the corporate governance of public enterprises;
- Law no. 24/2017 regarding the issuers of financial instruments and market operations;
- ASF 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, Organization and Functionning Rules (Ro.ROF) of the BoD, ROF of CONPET, Internal Organizational and Operational Rules (Ro.RIOF) of the Consultative Committees, Remuneration Policy etc).

### **List of abbreviations**

The Issuer, the Company or the Enterprise - CONPET S.A. Ploiești

GMS - General Meeting of Shareholders

OGMS - Odinary General Meeting of Shareholders

EGMS - Extraordinary General Meeting of Shareholders

ASF - Financial Supervisory Authority

BVB - Bucharest Stock Exchange

BoD - Board of Directors

CGR - Corporate Governance Rules

ROF - Organizational and Functionning Rules

RIOF – Internal Organizational and Functionning Rules.

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

**FLORIN GHEORGHE**