

Provisions of the Corporate Governance Code	Complies	Fails to comply or partially complies	Reason for Non-Compliance
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.		Partially compliant	<p>The Rules of Organization and Operation of the Board of Administration of the company Conpet S.A and the Internal Rules and Regulations on the Organization and Functioning of the Consultative Committees established at the Board of Administration level comprise provisions regarding: the appointment of the BoA administrators and Chairman; BoA composition; composition, organization, operation and duties of the Consultative Committees; duties of the Chairman/ members of the BOA; the BOA meetings; duties and interdictions for the administrators and/or the General Director.</p> <p>The distinction between the BOA responsibilities and the General Director's responsibilities is, though, stipulated in the Corporate Governance Regulation, approved pursuant to the BoA Decision no. 7/ 27.03.2014.</p>
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.		Partially compliant	<p>In the Rules of Organization and Operation of the Board of Administration of the company Conpet S.A there are provisions concerning the management of the conflict of interests; nevertheless, they are not as exhaustive as the ones contained in the Compendium of Corporate Governance Best Practices. In practice, the</p>

			members of the Board inform the Board on any conflict of interests having occurred or that may occur and refrain from taking part to discussions and from the voting for the adoption of a Resolution regarding the issue giving rise to such conflict of interests.
A.3. The Board of Directors or the Supervisory Board should have at least five members.	YES		
<p>A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years;</p> <p>A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it,</p>	YES		

<p>apart from those corresponding to the quality of non-executive director;</p> <p>A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity; CORPORATE GOVERNANCE</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;</p> <p>A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;</p> <p>A.4.8. Not to have been a non-executive director of the company for more than twelve years;</p> <p>A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.</p>			
<p>A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.</p>		NO	The requirement is to be implemented during 2016.



A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.		NO	The requirement is to be implemented during 2016.
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.		Partially compliant	Inside the company there is a BoA and GMS Secretariate Bureau, where the composition is agreed upon by the Board of Administration. The Rules of Organization and Operation of the Board of Administration of the company Conpet S.A also comprises the Regulation for the Operation of the BoA Secretariate according to which the BOA Secretariate provides for the logistics in what concerns the organization and holding of the Board of Administration's meetings. Given the provisions of the Regulation for the Operation of the BoA Secretariate are not as exhaustive as the ones contained in the Compendium of Corporate Governance Best Practices, CONPET is to revise the Regulation for the operation of the BoA Secretariate.
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		NO	The requirement is to be implemented during 2016.

A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.		NO	The requirement shall be complied with at the moment of preparation of the Annual Statement.
A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.		NO	The requirement shall be complied with at the moment of preparation of the Annual Statement.
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.		Partially compliant	At the Board of Administration level has been constituted the Nomination and Remuneration Committee, formed of 3 members, most of them being independent non-executive administrators. The procedure for the appointment/nomination of the members of the Board is the one stipulated in the Emergency Ordinance no. 109/ 2011.
B.1 The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or internal control system and the corporate governance practices. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES		
B.2. The audit committee should be chaired by an independent non-executive member.	YES		

B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.		NO	<p>As per the Internal Rules and Regulations on the Organization and Functioning of the Consultative Committees established at the BoA level, the Audit Committee meets the internal and external auditors at least once a year and discusses the aspects related to the audit processes, particularly any shortcomings in the audit procedures; however it doesn't exist any annual evaluation of the internal audit system performed by the Audit Committee.</p> <p>The annual evaluation of the internal audit system is being performed as per the requirement of Order SGG 400/June 12, 2015, Art.5., Chapter II, Annex 4 and is submitted to the Board of Administration. The internal public audit in CONPET assesses the efficiency of the internal audit system that also includes the risks management and reports the evaluation results also to the Audit Committee.</p>
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.		Partially compliant	The requirement is to be implemented in full during the next period.
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties		NO	The provision is to be introduced in the attributions of the Audit Committee.



B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.		Partially compliant	As per the Internal Rules and Regulations on the Organization and Functioning of the Consultative Committees established at the BoA level, the Audit Committee evaluates only the efficiency of the risk management system. The internal public audit in CONPET evaluates the efficiency of the internal audit system comprising also the risks management and reports the results of the evaluation to the audit Committee.
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES		
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.		Partially compliant	The company CONPETS.A. has no policy regarding the transactions with the affiliated parties. Nevertheless, the recommendation of the Corporate Governance Code of BSE is being observed.
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and		NO	We have no policy, that is to be implemented.

potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.			
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES		Inside the company there is an Audit Office performing the internal audit.
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES		
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.	YES		The remuneration policy of the administrators and the General Director is the one provided by the Emergency Ordinance no. 109/2011. In the annual report of the Board of Administration, published on the company's website is being presented information regarding the remuneration policy and the implementation thereof.
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES		
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures;		Partially compliant	There is no procedures related to the general meetings of shareholders.



D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;		Partially compliant	The recommendation is not implemented in what regards other professional engagements of the members of the Board, here included executive positions and non-executive positions within the boards of administrations amongst non-profit companies or institutions. The latter is to be implemented.
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	YES		
D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	YES		
D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	YES		
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;	YES		
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.),	YES		

financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.			
D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.		NO	The distribution of dividends is being performed in compliance with the Ordinance no. 64/2001 regarding the allocation of profit at the national societies, national companies and trade companies where the State holds integral or majority stake herein, as well as regies autonomes.
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website		NO	There is no policy regarding the forecasts.
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders..	YES		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	YES		
D.6. The Board should present to the annual general meeting of shareholders a brief assessment	YES		

of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.			
D.7. Any professional, consultant, expert or financial analyst may participate in the Shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise..		NO	
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES		
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/ conference calls.	YES		
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES		