

**REGULATION OF THE BOARD OF DIRECTORS**  
**OF THE COMPANY IMPACT DEVELOPER & CONTRACTOR SA**

**1. Preamble**

- 1.1** The Board of Directors (“**the Board**”) of the Company **IMPACT DEVELOPER & CONTRACTOR SA** (“**the Company**”) adopted the present regulation (“**the Regulation**”) in order to regulate its activity as part of the corporate governance of the Company. The Regulation has been elaborated in compliance with the provisions of the Code of Corporate Governance of the Bucharest Stock Exchange („**BVB**”), Edition of 11<sup>th</sup> of September 2015, and of Regulation no. 2/2016 regarding the application of corporate governance principles by entities authorized, regulated and supervised by the Financial Supervisory Authority (“**Regulation no. 2/2016**”).
- 1.2** The present Regulation may be amended based on a decision of the Board.

**2. Structure of the Board**

- 2.1** The Board shall be formed of 5 members, whose mandate is of 4 (four) years, with the possibility of extending it, except for the situations provided by law or by the Articles of Association of the Company.
- 2.2** The majority members of the Board shall be non-executive directors, being any members of the Board who are not fulltime employees of the Company, who do not receive additional remuneration or other advantages such as in-kind benefits from the Company or from a company controlled by it and who are not involved in the current operations of the Company.
- 2.3** Taking into account the fact that the Company belongs to the Premium Tier, at least two directors shall be **independent non-executive directors**, who are not involved in any relation which might affect their capacity of taking decisions in an independent manner.
- 2.4** At least one of the directors must have economic studies and experience in the economic, accounting, audit or financial fields of at least 5 years.
- 2.5** The independent non-executive director must meet the following criteria:
- (i) Not to hold the position of General Manager/Executive Manager of the Company or of a company controlled by it and not to have held such position during the last 5 (five) years;
  - (ii) Not to be an employee of the Company or of a company controlled by it and not to have held this capacity during the last 5 (five) years;
  - (iii) Not to receive and not to have received additional remuneration or other advantages from the Company or from a company controlled by it, except for those which correspond to the position of non-executive director;

- (iv) Not to hold the position of General Manager/Executive Manager of another company where a General Manager/Executive Manager of the Company holds the position of non-executive director;
  - (v) Not to have and not to have had during the previous year a professional or business relationship with the Company or with a company controlled by it, either directly or as a partner, shareholder, client, member of the Board of Directors/Director, General Manager/Executive Manager or employee of a company having such a relationship if, by its substantial character, such relationship could affect his/her objectivity;
  - (vi) Not to have held the capacity of non-executive director of a company for more than three mandates;
  - (vii) Not to be or not to represent a majority or significant shareholder of the Company, who controls over 10% of the voting rights or a company controlled by it;
  - (viii) Not to have family ties with a person in the situations referred to at items (i) and (vii) above;
  - (ix) Not to be and not to have been, during the last 3 years, the external or internal auditor or a partner or salaried associate of the current external or internal financial auditor of the Company or of a company controlled by it;
  - (x) Other relatively permanent professional commitments and engagements of a Board member, including executive and non-executive Board positions in companies and nonprofit institutions, shall be disclosed to shareholders and potential investors prior to appointment and during the mandate.
- 2.6** Each independent member of the Board shall submit a declaration at the moment of his/her nomination in view of election or reelection, as well as whenever any change in his/her status occurs, by indicating the elements based on which he/she is considered to be independent in terms of his/her character and judgment. In case a director considers that he/she is independent, despite the existence of certain relationships or circumstances provided under item 2.5 above, he/she must provide arguments in support of his/her affirmation.
- 2.7** When the position of director becomes vacant prior to the expiry of the mandate, the duration of the mandate of the new director shall be equal to the remaining duration to be executed of his/her predecessor's mandate.
- 2.8** When the Ordinary General Meeting of Shareholders decides to supplement the number of members of the Board of Directors, the duration of the mandates of the first directors appointed to the additional positions shall be equal to the remaining duration to be executed of the ongoing director mandates, as of the date of the decision to supplement the number of members of the Board of Directors.
- 2.9** The appointment of a director is deemed as valid if the appointed person expressly accepts it, within a term of maximum 15 days as of the date of the appointment decision or of the date when he/she was informed on the appointment decision, by transmitting a written declaration to the Company.
- 2.10** Resigning the mandate of director or Chairman shall be notified to the Board of Directors at least 30 days prior to the date considered for vacating the position, by resigning the mandate under sanction of payment of damages.

### **3. Areas of Responsibility**

- 3.1** The Board represents the decisional body as regards all significant aspects for the Company on the whole, due to their implications at the strategic, financial or reputational level. The Board delegates the management competences of the Company, under the conditions and within the limits provided by law and by the Articles of Association.
- 3.2** The Board of Directors shall carry out all necessary and useful actions in view of achieving the Company scope of business, except for those actions provided by law as being in the competence of the General Meeting of Shareholders and those delegated to the director.
- 3.3** The following basic competences may not be delegated to directors by the Board:
- (i) setting the main activity and development directions of the Company;
  - (ii) approving the management plan of the Company;
  - (iii) setting the accounting policies and the financial control system, as well as approving the financial planning;
  - (iv) appointing and revoking managers, including the General Manager, and establishing their remuneration;
  - (v) supervising the activity of the managers;
  - (vi) preparing the annual report of directors;
  - (vii) organizing the sessions of the general meeting of shareholders, as well as implementing the decisions of such;
  - (viii) introducing the applications for opening the procedures for prevention of insolvency and insolvency of the Company;
  - (ix) elaborating rules/regulations on its own activity, on the activity of the general meeting of shareholders, of the consultative committees and of the managers, without contravening the legal provisions or the present Articles of Association;
  - (x) setting up or closing down secondary offices (branches, agencies, representative offices or any other lucrative facilities);
  - (xi) changing the registered office of the Company;
  - (xii) increasing the share capital of the Company up to a maximum level. Within the limits of the established level, the directors may decide, further to delegation of responsibilities, on the share capital increase, such competence being assigned to the directors for a duration of maximum one year, with the possibility of renewal for a period which, in case of each renewal, may not exceed one year;
  - (xiii) approving the organizational structure of the Company and its internal organization and operation

regulations;

(xiv) adopting a policy in order to make sure that any transaction of the Company with any of the companies with which it has close relations, whose value is equal to or greater than 5% of the net assets of the Company (according to the latest financial report) is approved by the Board of Directors following an obligatory opinion of the Audit Committee and is fairly and completely disclosed to shareholders and potential investors, to the extent that such transactions fall under the category of events subject to reporting requirements.

(xv) other competences of the Board of Directors which, according to the law, may not be delegated.

**3.4** The Board shall manage operations in an experienced and careful manner, in compliance with, *inter alia*, the applicable laws and regulations, the Articles of Association, the management contracts concluded with each director and the present Regulation.

**3.5** The Board is responsible for establishing relevant criteria for monitoring the results of the activity of the Company's executive management and for evaluating the manner in which the criteria are applied.

**3.6** The activities performed by the Company and its perspectives for development shall be analysed by the Board at least once a year.

**3.7** The Board shall act with professionalism, in good faith, with honesty and fidelity, to the interest of the Company and the mutual interest of all shareholders.

**3.8** The Board holds responsibilities and competences regarding the strategic direction and the general management of the Company, including:

(i) approving the general strategic direction of the Company, submitting proposals to the attention of the GMS on the annual and multi-annual business plans, approving the annual and multi-annual objectives and any decisions which exceed the approved business plan;

(ii) establishing and maintaining the policies and procedures on the entire strategy for organization and development of the Company;

(iii) establishing the policies on supervision, coordination and prudent management of Company activity;

(iv) ensuring an efficient framework for internal control, internal audit and conformity responsibilities and channels for efficient communication and reporting;

(v) adopting financial objectives and forecasting;

(vi) implementing a system for efficient risk evaluation and management (inclusively by establishing the levels of tolerance of/appetite for risk). This system ensures the congruence between control activities and the risks generated by the activities and processes subject to control;

(vii) defining, analysing and establishing key policies applicable within the Company;

(viii) regular evaluation of the financial standing of the Company;

- (ix) ensuring the existence of an adequate framework to verify the application of specific legislation on ASF reporting and information submitted to ASF, at its request, on certain actions undertaken by the Company.

**3.9** In addition to the responsibilities listed above, the Board also has the following competences:

- (i) The Board shall constantly ensure that the aspects regarding risk management are integrated with an internal control system which brings under regulation an adequate level of policies, procedures and processes in view of risk limitation and diminution, and achievement of Company objectives. The internal control system of the Company is established within the executive management, reports directly to the Board and is independent from the operational and support organizational structures which it controls and monitors;
- (ii) The Board is responsible for analysing the adequacy, efficiency and update of the risk management system in order to efficiently manage the Company's assets, as well as the manner of managing the corresponding risks to which the Company is exposed;
- (iii) Receiving regular reports from the Audit Committee on the adequacy degree of the internal control systems of the Company and the general risk management framework;
- (iv) Appointing the members of the Board of Directors, which shall be transmitted to the GMS, based on the guiding principles on nomination and upon recommendation of the Chairman of the Board and of the General Manager;
- (v) Electing the Chairman of the Board from among its members;
- (vi) Appointing the Company's Secretary (whether the position is outsourced or not);
- (vii) Appointing and revoking the Internal Auditor, at the recommendation of the Audit Committee;
- (viii) Addressing proposals to the General Meeting of Shareholders as regards the level of remuneration and allowances for the Board;
- (ix) Evaluating the performance of the Company Directors. The Board shall approve their remuneration depending on achievement of the predefined performance criteria;
- (x) Approving all financial and management reports of the Company, prior to their reporting to shareholders, upon recommendation of the Audit Committee and further to presentation by the General Manager;
- (xi) Approving the Agenda of the General Meeting of Shareholders, upon the proposal of the Chairman of the Board;
- (xii) Receiving regular reports from the Audit Committee on the adequacy of the Company's internal control systems and general framework for risk management;
- (xiii) Recommending the General Meeting of Shareholders the election or revocation of the external auditor, as proposed by the Audit Committee;

- (xiv) Analysing and establishing the Company's remuneration policy so that it shall correspond to the Company's long-term business strategy, objectives and interests and include measures for preventing the occurrence of conflicts of interests. All engagements relating to remuneration are completely and responsibly structured and the remuneration policies enable and promote efficient risk management, without leading to the undertaking of risks exceeding the Company's level of risk tolerance.
  - (xv) The Board and the executive management shall communicate with the interested parties based on a communication strategy observing at least the following requirements:
    - (a) ensuring fair treatment for the interested parties and for the shareholders;
    - (b) communicating information in a timely manner;
    - (c) ensuring a transparent communication framework.
- 3.10** The Board shall adopt decisions having a major influence on the corporate organization of the Company, inclusively in respect of establishing and implementing the regulations for corporate governance of the Company, such as they may be approved by the General Meeting of Shareholders.
- 3.11** The Board may establish a formal and transparent framework with the financial auditor through which accurate, complete and timely information should be supplied to it on the application of financial reporting policy and practices, including those regarding prudential reporting.
- 3.12** The Board ensures the observance of requirements related to the outsourcing/assignment of operational activities or positions, both before and during the outsourcing/assignment. The outsourcing/assignment shall be possible only in compliance with specific legislation and only if it shall not result in one of the following:
- (i) significant deterioration in the quality of the Company's corporate governance system;
  - (ii) unjustified increase of operational risk;
  - (iii) impossibility of ASF to monitor the fulfillment of the Company's obligations;
  - (iv) preventing the supply of continuous and quality services to the consumers of financial products.
- 3.13** At the same time, each member of the Board shall, *inter alia*:
- (i) present to the Board information on any relation with a shareholder who, directly or indirectly, holds shares representing 5% of all voting rights;
  - (ii) properly prepare for the meetings of the Board and, if the case may be, of other structures or committees where he/she was appointed;
  - (iii) carry out any specific obligation assigned by the Board or which might be reasonably deemed as being part of his responsibilities;
  - (iv) actively take part to the exercise for annual evaluation of the Board.

#### **4. Training and Support**

- 4.1 The Board members, together with the General Manager and the rest of the selected key management personnel shall benefit of initial and regular training on key aspects regarding corporate governance, the activity of the Company, the activities of the Board and aspects regarding management, so that to be able to actively and efficiently take part to the decision making process, the soonest possible further to their appointment. Such training shall be provided by the persons appointed from the Company or by other reputed experts, and the Company shall make available the necessary resources for the continuing development and consolidation of knowledge and capacities of its directors, managers and key management personnel.
- 4.2 The Board members shall constantly update their abilities and improve their knowledge on the activity of the Company, as well as on the best practices in the field of corporate governance, in view of fulfilling their role with the Board and also, as the case may be, with the committees whose members they are. The Chairman of the Board shall regularly review and establish, together with each of the directors, their training and development needs.
- 4.3 The internal procedures were drawn up and implemented in order to ensure proper knowledge on the Company to all directors and access to its operations and personnel.
- 4.4 The Board shall make sure that the directors, especially the non-executive directors, have access to independent professional counseling, on the expense of the Company, if and when necessary.

## 5. Evaluation

- 5.1 Under supervision of its Chairman and in compliance with the best practices, the Board carries out an annual self-evaluation of its performances, its committees, as well as of its cooperation with the directors and it reports the results to the **GMS**.
- 5.2 This regular evaluation must promote continuing improvement of the governance practices adopted and implemented by the Company.
- 5.3 The evaluation of the Board shall take into consideration the balance between the competences, experience, independence and knowledge of the Board, its diversity, including genre, the manner in which the Board works as a whole and other factors of relevance to its efficiency. The evaluation process is mainly focused on achieving three objectives:
  - (i) evaluating the manner in which the Board and its committees operate;
  - (ii) preparing and discussing the important aspects for the activity of IDC;
  - (iii) presence of the directors at the meetings of the Board and of the relevant consultative committees, as well as their constructive input on debates and decisional process.
- 5.4 The evaluation of the Board is intended to show whether each director continues to bring an efficient contribution and to demonstrate commitment to the role undertaken (inclusively by allocating time to the meetings of the Board and of the committees, as well as to any other responsibilities).
- 5.5 The Board shall be assisted in its annual evaluation by the Nomination Committee and, if necessary, by external consultants.

5.6 The non-executive directors of the Board shall meet, in the absence of the Chairman, at least annually, as well as on other occasions deemed as adequate, in order to evaluate the performance of the Chairman.

5.7 The non-executive directors shall evaluate their collaboration with the executive directors once a year, if the case may be. To this end, the non-executive directors shall meet at least once a year, in the absence of the General Manager.

## 6. Chairman

6.1. It is not possible for a person to be at the same time appointed Chairman of the Board of Directors and director within the Company.

6.2. During the period when the Chairman of the Board finds himself/herself in temporary impossibility to exercise his/her responsibilities, the Board of Directors may delegate another director for exercising the mandate of Chairman.

6.3. During the period when the Board of Directors does not have an appointed Chairman and/or a replacement for such or, although appointed, neither of them is able to exercise the mandate of Chairman, over the duration of the respective state of impossibility, the Board of Directors may delegate another director to hold the position of Chairman.

6.4. The Chairman of the Board shall make sure that the works of the Board are carried out in an efficient manner and the Board fulfills its responsibilities. The Chairman shall mainly:

- (i) organize and manage the activity of the Board, encourage an open and constructive dialogue within the Board, to which all its members participate, and create best possible conditions for the operations of the Board;
- (ii) submit to the Board the proposals deemed as adequate, in order to ensure the proper operation of the Company and the operation of the Board and of other Company structures;
- (iii) make sure that the Board allocates sufficient and adequate time for discussing complex, sensitive or controversial issues, by organizing, if advisable, informal meetings with the members of the Board, the directors and advisers, so as to enable the thorough preparation for the discussions and meetings of the Board;
- (iv) make sure that the Board carries out an annual self-evaluation;
- (v) get regularly in touch with the General Manager;
- (vi) monitor the correct application of the decisions adopted by the Board;
- (vii) preside the GMS and ensure the efficient communication with the shareholders and with other key interested parties;
- (viii) ensure the implementation of certain efficient systems for risk management and internal control within the Company;
- (ix) supervise the adequate integration of all new directors;

- (x) recommend to the Board, based on guidelines on nomination, candidates for the position of director within the Board;
- (xi) establish the agenda for the Board meeting , containing the main strategic and operational aspects interesting the Company, taking the opinions of the General Manager and other directors into consideration;
- (xii) maintain a close, informal and constructive relationship with the General Manager, thus contributing to the development of the Company's strategy and ensuring that the strategies, plans and performance of the executive management are adequately presented to the Board;
- (xiii) any other responsibility assigned to it by the Board.

**6.5.** The duration of the mandates of director and Chairman starts to run as of the date provided by the appointment decision or, in the absence of such provision, as of the day following the decision for appointment of the person who is delegated the mandate of director or, as the case may be, the mandate of Chairman.

## **7. General Manager**

**7.1.** The General Manager shall be responsible with the general executive management and daily operations of the Company, in compliance with the approved strategy.

**7.2.** The General Manager shall be responsible for performing attributions assigned by the Board of Directors, with the exception of the following activities:

- (i) drafting the financial and accounting statements;
- (ii) financial and accounting reporting to the Company's shareholders, members of the Board of Directors, the Financial Administration, the Environment Fund Administration, the Bucharest Stock Exchange, ASF, which shall be the responsibility of the Financial Manager.

**7.3.** The General Manager ensures that the financial department is at all times functional, in accordance with its specific needs and obligations.

## **8. Financial Manager**

Is responsible with organizing and managing the Company's activity from a financial and accounting perspective, under the supervision and coordination of the General Manager, having the following attribution/competences:

- (i) drafting the financial and accounting statements;
- (ii) financial and accounting reporting to the Company's shareholders, members of the Board of Directors, the Financial Administration, the Environment Fund Administration, the Bucharest Stock Exchange, ASF.

## **9. Meetings**

- 9.1 The Board shall organize its first meeting as soon as possible further to the commencement of the mandate of its members and it shall subsequently meet such as provided by the Articles of Association and the applicable law, in order to properly fulfill their responsibilities.
- 9.2 The Board shall meet whenever necessary, however at least once every two months, according to the provisions of the Articles of Association.
- 9.3 The meetings of the Board of Directors shall be convened by the Chairman, the other members or upon the request of the General Manager, according to the conditions of the law and of the Company Articles of Association.
- 9.4 In the situation of a request for summoning the Board of Directors by the directors, the agenda is established by the authors of the request, the Chairman being bound to act upon such request.
- 9.5 The members of the Board shall make reasonable efforts in order to attend all meetings of the Board and be prepared for these meetings.
- 9.6 In view of ensuring efficiency of the Board meetings, the following rules are set up:
- (i) observance of the starting hours of the meeting;
  - (ii) the possibility for the Board members to ask questions to the persons who elaborated the documents submitted for analysis, in view of detailing unclear aspects;
  - (iii) the possibility to have discussions, express opinions and propose solutions for improving the activity in the analyzed field;
  - (iv) drawing up the decisions of the Board in a clear manner;
  - (v) indicating the opinion of the directors who do not approve or who abstain, in order to be recorded in the minutes of the meeting;
  - (vi) participation in the meeting may take place through phone or video conference or using other communication facilities, as well as through representative;
  - (vii) the obligation of absent directors to consult the minutes of the meeting and the decisions adopted and to sign for acknowledgement and, in case they have other opinions, to indicate their opinion in writing. The absent directors may delegate another director by a written document or an email transmitted to the Secretariat prior to the beginning of the Board meeting.
  - (viii) should the directors have certain concerns which cannot be solved in respect of the Company operation or another proposed action, they must make sure that their concerns are recorded in the minutes of the Board meeting;
  - (ix) the Board's resolutions shall be adopted by mutual consent. Should a consent not be reached, the Board's resolutions shall be adopted with the simple majority of the directors present, each Director having the right to one vote, with the exception of situations in which the law requires an absolute majority;

- (x) a written resolution signed or approved through letter, e-mail, telegram or fax by all directors shall be considered valid and shall produce the same effects as a resolution adopted in a Board meeting;
- (xi) the necessary quorum for the validity of the Board's meetings shall be the majority of the Board members;
- (xii) the Board's works and resolutions shall be noted in a meeting record by the Board's Secretary. The meeting record must be clear, concise and must clearly indicate the adopted resolutions. Dissenting opinions shall be similarly noted. The meeting record shall be made available to all Board members shortly after the meeting and approved within the next meeting;
- (xiii) if necessary, the Chairman may invite certain persons with no voting rights to attend the Board meetings. The Chairman may at any time prevent a person who is not a member of the Board from attending the meeting;
- (xiv) the provisions of this Regulation on the meetings of the Board of Directors are completed accordingly with the relevant provisions of Impact's Articles of Association.

## **10. Secretariat**

**10.1** The works of the Board meetings shall be prepared by the special secretariat of the Company ("**the Secretariat**") appointed by the Board, formed of Company employees, which has as responsibilities, *inter alia*, to provide the entire necessary support for carrying out the Board meetings. In addition, the activity of the Secretariat may be outsourced to an external party, should the Company deem such appropriate to its needs.

**10.2** The Secretariat is responsible with:

- (i) keeping the documents discussed, presented or in other manner resulting in connection with the meeting of the Board;
- (ii) processing all requests from directors in connection with information and documents necessary for carrying out the Board meetings;
- (iii) communicating the decisions of the Board to the relevant persons within the Company (including the directors);
- (iv) correctly and completely recording the decisions of the Committee in the special register;
- (v) making sure that the procedures of the Board are observed.

**10.3** In addition to the above, the Secretariat shall also:

- (i) assist the Board in connection with managing, convening and carrying out the GMS, in compliance with the legal and statutory requirements;
- (ii) make sure that the Board is permanently considering the opinion of the shareholders;

- (iii) make sure that the relevant type of information on governance or other type of information whose disclosure is requested by law is provided and disclosed in compliance with the law.
  - (iv) make sure that the necessary disclosure on corporate governance and operation of the Board and of its committees is included in the annual report.
- 10.4** The Board decisions must be implemented by the directors as soon as possible as of the date when the decision signed by the Board is communicated to the directors. In case the Board did not appoint several directors, the responsibilities provided under this paragraph shall rest with the General Manager.
- 10.5** Under guidance of the Chairman of the Board, the responsibilities of the Secretariat shall also include ensuring a proper information flow within the Board and its committees, as well as between the management and the non-executive directors, and also facilitating initial training and assistance in professional development, as necessary.
- 11. Committees of the Board**
- 11.1** The Board may set up permanent or ad hoc Committees in order to assist it in carrying out its activity and it shall be responsible with endorsing the members of all its Committees;
- 11.2** In order to increase efficiency of its activity, the Board set up the following committees:
- (i) the Nomination Committee;
  - (ii) the Remuneration Committee;
  - (iii) the Audit Committee;
- 11.3** The nomination and remuneration policies, the policy on management and internal control system, the regulation of the Nomination Committee and the regulation of the Audit Committee are annexed to the present Regulation. The Company is responsible for including provisions on recruitment and selection of executive members and renewal of the existing members' mandate in its internal policies and regulations.
- 11.4** The Committees shall assist the Board by preparing the matters which lie within the competence of the Board.
- 11.5** The Board shall draw up written regulations in order to bring under control the activity of the committees.
- 11.6** Each director who intends to be member of a committee shall submit his/her candidacy prior to the Board meeting during which the structure of the respective committee is established. The minutes of the committee meetings and the documents underlying such shall be made available to all members of the Board.
- 11.7** In case the mandate of a director remains vacant, irrespective of reason, the respective director ceases to be a member of any committee or sub-committee of the Board. The Board shall immediately proceed to appointing a director among the acting ones, in order to replace the respective member in the committees or sub-committees of the Board.
- 11.8** Each Committee shall annually analyze and evaluate its performance and terms of reference, by addressing

recommendations on amendments to the attention of the Board.

## **12. Directors' Rights and Obligations**

- 12.1** The directors' rights and obligations, as well as the situations of incompatibility of such, are provided in the mandate agreements/management contracts concluded with the Company, the present Articles of Association and the applicable legal provisions.
- 12.2** The members of the Board of Directors are entitled to a net monthly allowance established by the General Meeting of Shareholders.
- 12.3** The directors shall transmit to the Company, *ex officio* or upon the request of the Company, all identification, contact and any other personal data necessary in order to ensure the conditions for fulfilling the Company obligations, such as provided by law or by the present Articles of Association.
- 12.4** In case of modification of the information transmitted according to the paragraph above, the director shall transmit the new information *ex officio*.
- 12.5** The directors are not allowed to vote, based on the shares owned, either personally or by representative, on their discharge from administration or on another issue having their person or administration under consideration.
- 12.6** The directors shall contribute to carrying out constructive discussions during the Board meetings. In particular, the Directors shall develop strategies, shall analyze and provide constructive criticism in respect of the performance of the executive management and shall make sure that the company objectives are fulfilled.
- 12.7** Each Director shall ensure strict confidentiality of all information received while carrying out his/her Director responsibilities. Further to the termination of the mandate of Board member, each Director shall keep strict confidentiality of all such information, provided that this was not publicly disclosed in a different manner.
- 12.8** The directors shall exercise their duties in good faith, to the benefit of the Company, and they shall not promote their own interests or those of certain third parties.
- 12.9** The directors shall apply and adhere to the highest standards of ethics and moral integrity. Any event which could negatively affect their reputation and credibility shall be immediately reported to the Chairman.
- 12.10** Any director shall present to the Board information on any relation with a shareholder who, directly or indirectly, holds shares representing over 5% of all voting rights. This obligation refers to any type of relation which might affect the position of the member in respect of matters decided by the Board.
- 12.11** Attendance of Board meetings by each Director, in person or by audio-conference, shall be recorded in the minutes of the meeting.
- 12.12** The directors may hold the capacity of members of several Boards only to an extent which allowed for the proper performance of activity and the fulfilment of obligations and responsibilities to the Company;

**12.13** The directors shall not become members of the Board of Directors or executive directors of any of the competitor companies or of other institutions whose interest could be divergent to or could contravene the interests of the Company.

### **13. Conflicts of Interest**

**13.1** The Directors have a loyalty obligation to the Company and shall try to avoid conflicts of interest (those situations when their personal or professional interests make it difficult to take certain objective measures to the interest of the Company and of the shareholders and to fulfil their roles as Directors).

**13.2** The Directors shall annually report to the Audit Committee their main positions and professional activities, including their responsibilities within nonprofit organizations, as well as any relevant legal entities where the Directors themselves or those who they represent are significant shareholders. The Audit Committee shall make sure that no conflicts of interest existed.

**13.3** The Directors have the obligation to declare any actual or potential conflict of interest upon commencement of all meetings of the Board and shall abstain from taking part to the discussions (inclusively by absence, except for the situation when such absence would impede constituting the quorum) and from voting on a decision in connection with the operations in respect of which the respective conflict of interest exists.

**13.4** In case of a transaction which may not be avoided, in respect of which a Director has a present or potential conflict of interest, the transaction or the trading relation with the Company shall be approached with the proper diligence and in a completely transparent manner.

### **14. Relationships with Shareholders**

**14.1.** The spokesmen of the Company to investors shall be the Chairman of the Board and the General Manager. Nevertheless, they may delegate the authority to present information on behalf of the Company to other Directors or members of top management.

**14.2.** The Board shall facilitate the attendance of shareholders and shall enable the adoption of informed decisions by shareholders during the GMS;

**14.3.** The Board shall decide on the aspects to be included on the agenda of the GMS. The Company shall make sure that the shareholders receive in due time the entire relevant documentation and information in respect of the items on the agenda;

**14.4.** The Company undertakes to provide, in due course, coherent and exact information to shareholders. The shareholders shall have access to the essential information regarding the activity of the Company, upon approval of the Board.

**14.5.** The Company shall organize at least two meetings/audio-conferences with the analysts and the investors every year. The information presented on such occasions shall be published in the section regarding relationships with investors on the official internet page of the Company on the date of the meetings/audio-conferences.

### **15. Corporate Governance**

- 15.1** As a company admitted to trading, the Company undertook to observe the Code of Corporate Governance issued by Bucharest Stock Exchange.
- 15.2** The Board shall ensure the existence of an adequate framework for the verification of information submitted to ASF, at its request, regarding certain actions undertaken by the Company.
- 15.3** The company shall include in the annual report a corporate governance statement, in a distinct section, which shall contain a self-evaluation of the fulfillment of the “provisions to be observed”, as well as the measures adopted in order to comply with the provisions not fully observed.
- 15.4** The corporate governance statement shall inform whether an evaluation of the Board has been conducted by the Chairman or by the nomination committee and, if so, shall summarise the key measures and changes it has determined. The Company must have a policy/guideline regarding the Board’s evaluation, detailing the purpose, criteria and frequency of the evaluation process.
- 15.5** The corporate governance statement must contain information on the number of Board and committee meetings over the past year, the attendance of the directors (in person or *in absentia*), as well as a report of the Board and committees on their activities.
- 15.6** The corporate governance statement must contain information on the exact number of independent members on the Board.
- 15.7** The present Regulation shall enter into force further to its approval by the Board of Directors and it may be amended at any moment through its resolution. The present Regulation is completed by the procedures and policies adopted by the Board of Directors in accordance with the Code of Corporate Governance.
- 15.8** Any matter in connection with the construction of the clauses of the present Regulation shall be presented to the Board.
- 15.9** In case of conflict between the provisions of the Regulation and/or the provisions of the Articles of Association and/or any national laws or regulations, the latter shall prevail.