

CORPORATE GOVERNANCE CODE OF
ANTIBIOTICE S.A. IAȘI

INTRODUCTION

Antibiotice S.A. is a trading company established and governed by Law no. 31/1990 on trading companies and a public company that implemented GEO no.109/2011 on corporate governance of public enterprises.

Since 16th April 1997, the company has been listed on the Bucharest Stock Exchange (BSE) Premium category, with shares trading in the capital market regulated by Law no. 297/2004 regarding the capital market. In this last role, the company adheres to the corporate governance rules proposed by BSE in order to create an internationally attractive capital market in Romania, based on best practices, transparency and trust.

I. ADMINISTRATION AND RESPONSABILITIES

1. The Company is managed according to the unitary system of administration of a Management Board consisting of 5 members. The establishment, revocation of directors, terms of office, duties and role of the board are clearly defined in the Constitutive Act of the Law no. 31/1990 and GEO 109/2011 regarding corporate governance of public enterprises.
2. (1) Based on rigorous and transparent procedures established under the Emergency Ordinance no. 109/2011 regarding the corporate governance of public companies, board members are appointed by the general meeting of shareholders on a proposal from the board of directors or stockholders. The candidates proposed by the Board are evaluated and selected in advance and recommended by the nominating committee of the Board and/or by an independent expert specializing in human resources recruitment. The candidates proposed by the guardianship authority on behalf of the majority shareholder will be selected in advance by a committee of specialists in human resources recruitment and/or by an independent expert specializing in human resources recruitment.

(2) The selection / evaluation criteria of administrators shall be determined by members of the nominating committee and/or an independent expert in accordance with GEO. 109/2011 on corporate governance in public companies.

(3) The company establishes a clear demarcation between the powers and duties of the general meeting of shareholders, Management board and executive management. In this regard, in accordance with art. 35 paragraph 3 of the GEO no.109 / 2011, The Chairman of the Board may not be appointed CEO as well.
3. The Board is structured so as to fulfill its duties efficiently. The Board will comprise an independent audit committee and a remuneration and appointment committee, as well as other structures that the board or general meeting of shareholders consider necessary.
4. Composition of the Board and its committees will display an appropriate balance in terms of competence, experience, gender diversity, knowledge and independence of members who must allow them to effectively perform their duties and responsibilities. All board members should be able to allocate the company enough time to perform their duties properly.
5. The Board has its own rules of operation, Appendix to the Code of Corporate Governance. Board Regulation includes terms of reference, responsibilities of the board and key management functions of the company. Board's internal rules includes the management of conflicts of interest.
6. The majority of Board members must have no executive positions. At least two members of the Board will be independent within the meaning of Article 1382 of the Law no. 31/1990. (he is no manager of the company or of a company controlled by it and not having fulfilled this position in the last 5 years has not

been an employee of the company or of a company controlled by it or have been employed by the company or by a company controlled by it in the last 5 years; they have not received from the company or a company controlled by it additional remuneration or advantages other than those corresponding to his qualifications as non-executive director; he is not a significant shareholder of the society, does not have or has not had in the last year business relationships with the company or with a company controlled by it, either personally or as a partner, shareholder, director, officer or employee of a company that has such a relationship with the company, if by their substantial nature, they are liable to affect the objectivity, he is nor has not been in the past 3 years financial auditor or associated employee of the current financial auditor of the company or of a company controlled by it; he is not a director in another company in which a director is non-executive director; was not the company's non-executive administrator for more than 3 mandates; has no family relationship with a person in one of the categories mentioned above at a) and d).

7. The company has rules for assessing the company's directors and administrators, an Annex to the Code of Corporate Governance. Rules of assessment will include the purpose, criteria and frequency of the evaluation process.
8. The annual declaration of the company on corporate governance will include the following information:
 - whether there was an evaluation of the board under the leadership of Chairman or the nomination committee and, if so, summarize findings;
 - the number of meetings of the board and of committees over the past year, the participation of administrators and a report of the board and committees on their activities;
 - the exact number of independent members in the Management Board.
9. The company has and will permanently maintain a policy related to provisions by setting a business plan for at least 4 years. The policy of forecast and the business plan can be public or confidential by decision of the board of the general manager.

II. RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL

1. The Company shall conduct internal audits to evaluate independently, on a regular basis, the safety and efficiency of the internal risk management and control system and the corporate governance practices.
2. The internal audit is organized as an independent and distinct entity from the viewpoint of the organizational structure.
3. In order to ensure the performance of the main functions of the internal audit office, it shall report functionally to the Board through the Audit Committee. For administrative

purposes and as part of the management's obligations to monitor and reduce risks, the Internal Audit Office must report directly to the General Director.

4. The external auditor will be present at the general meeting of shareholders when his or her reports are presented at these meetings.
5. Each year, the board shall present to the general meeting of shareholders a brief assessment of the internal control and significant risk management systems.
6. The company has implemented a risk management and internal control system. The Risk Management activity operates within the company's Economic Unit, by developing and implementing the working procedures related to the risk management.
7. The main purpose of the risk management is to help understand and identify the risks to which the company is exposed, in order for them to be anticipated and managed effectively.
8. The risk management process is performed by going through the following stages:
 - a. the risk identification;
 - b. the risk assessment;
 - c. the establishing of the risk management strategy;
 - d. monitoring the implementation of control measures as well as their effectiveness;
 - e. periodic review and reporting of the risk situation.
9. Half-yearly, the Risk Management Activity initiates the self-assessment of the risks within all the company's structures, providing support in identifying and evaluating the risks as well as establishing the measures for the reduction thereof. The identified risks are entered in the Risk Register related to the activity of each structure.
10. The Risk Management Activity elaborates the Risk Register at the company level and draws up a Report on the development of the risk management process, by integrating the information/data/aspects included in the risk registers related to the structures within the company.
11. The report on the risk management process at company level together with the Risk Register shall be submitted for approval to the General Director and the Audit Committee.

III. JFAIR REWARD AND MOTIVATION

1. The Company aims to provide a salary enough to attract, retain and motivate competent and experienced persons in the Board. The Board will ensure transparency on remuneration, providing shareholders with relevant information on

the principles applied by the company on remuneration policy, which is based on fair reward and motivation.

2. The salary policy Remuneration policy, rules and principles that define it are those of the Company's Articles of Association, GEO no. 109/2011 regarding corporate governance of public enterprises, namely in relation to financial and non-financial objectives assumed by directors and executives by term contracts.
3. The remuneration of directors will be approved under the terms set by GEO no. 109/2011 on corporate governance and Articles of Incorporation, by the general meeting of shareholders and executive directors' remuneration will be approved, under the same laws, by the Management Board.
4. The company will publish on its internet page its remuneration policy and will include in the annual report a declaration on implementing the remuneration policy during the annual interval analysed.

IV. THE COMPANY SECRETARY

1. The Management Board appoints by direct open vote a Secretary of the company, in charge of supporting the board in terms of corporate governance. The company secretary must be considered reliable by all members of the Board.
2. The company's Secretary is part of the executive management of the company, as such he/she should act independently by virtue of his/her duties.
3. The Secretary's role is to assist the Management Board of Directors and directors, acting as an advisor in terms of regulatory issues, listing rules and legislation on corporate governance.
4. The Secretary may identify weaknesses in the areas specified and may propose to the Board of Directors solutions to overcome them.
5. The company secretary may be removed from office by the Management Board on a proposal from any of the members.

V. RELATIONS WITH INVESTORS. TRANSPARENCY

1. No shareholder can be granted preferential treatment.
2. The company will take all efforts to allow shareholders to attend general meetings, encouraging the use of electronic communication as far as its technical availability and applicable legal acts permit.

3. Regulations for general meetings of shareholders shall not limit the participation of shareholders and exercising their rights. Any change to the rules will enter into force at the earliest starting with the next shareholders' meeting.
4. Any specialist, consultant, expert or financial analyst may participate in the General Meeting of Shareholders based on a prior invitation. Accredited journalists can also participate in the general meeting of shareholders under the prior agreement of the Board.
5. The company has an Investor Relations Office and publishes on its website the names and contact details of the person in charge.
6. In addition to the information requested by the law, the company website includes a section dedicated to investor relations, in both Romanian and English containing the relevant information about the company, namely: articles of association, procedures for the general shareholders meetings, CVs of administrators and senior executive directors, other professional commitments of board members including executive and non-executive positions in non-profit companies, current reports and periodic reports (quarterly, half-yearly and annual) including current reports with detailed information on the noncompliance with this code, information on general meetings (agendas and information, the procedure for the election of board members, questions on the items on the agenda and responses from the company, including decisions taken), information on corporate events, such as the payment of dividends and other distributions to shareholders, or other events that lead to the acquisition or limitation of rights of a shareholder, including the deadlines and principles for such operations .
7. Transactions with any of the affiliates will be previously approved by the board, based on issuing a binding opinion of the audit committee.

This hereby Code of Corporate Governance was approved by the Management Board of Antibiotice S.A., at the meeting on 26 January 2017.

**THE CORPORATE GOVERNANCE CODE
OF ANTIBIOTICE S.A.**

ANNEX No. 1

**GUIDELINES FOR THE ORGANIZATION AND ACTIVITY OF THE
MANAGEMENT BOARD**

I. REGULATION PRINCIPLES

1. The Management Board (the board) is organized and operates according to the provisions contained in the Articles of Association of Antibiotice in the Law no. 31/1990 on companies and in the G.E.O. no. 109/2011 on the corporate governance of public enterprises.
2. The Board consists of 5 members elected by the General Shareholders Meeting for a term of four years which may be renewed according to the normative acts specified in paragraph 1 above.
3. The Board appoints its members by open vote, a President and a Vice president who are given attributions. The Board appoints by decision, who can be an administrator or a person outside the board.
4. The Board has the powers to perform all the necessary administrative actions for the company, except those reserved by law for the General Meeting of Shareholder and those delegated by the administrators to the company directors.
5. Administrators will exercise their duties with utmost diligence by pursuing performance indicators approved by the General Meeting of Shareholders in accordance with procedures established by GEO no.109 / 2011 on corporate governance in public enterprises.
6. The administrators have the obligation to observe the privacy of any information, data, documents and / or facts regarding the activity of the company, about which they become aware directly or indirectly, based upon their quality of administrator. The obligation of privacy also includes the obligation to ensure and maintain the privacy of board meetings, including discussions on documents received for approval and the documents received for information. The obligations of privacy subsist for five years after the cessation of the quality of administrator of the company. The administrators shall not be held liable regarding the obligations of privacy in the cases where the privacy information and the privileged information to which they had access become public by legal means, independent of the will of the administrators. The failure to comply with the privacy obligations constitutes a serious breach of the Board's Rules of Procedure and it is a just and sound cause for the revocation of the mandate contract.
7. Administrators are required to know and comply with the Code of Ethics of the company, managing potential conflicts of interest in accordance with procedures detailed therein.
8. During the exercise of their mandate, the members of the Management Board will not hold positions, qualities and will not carry out transactions that could be considered incompatible with the mission of the Board.

II. MANAGEMENT BOARD MEETINGS

1. The Board meets in meetings that will be held at the company's headquarters or in the place indicated in the notice to attend or will be held online, in which case each administrator will be connected by computer video and/or online from a location he or she chooses which fully ensures the privacy of the discussions.
2. Regular meetings shall be held at least once every three months.
3. Convening regular meetings is done by the President or Vice-President. By the secretary of the board, the convener will necessarily be communicated to each administrator by email / fax / post service and will include the proposed agenda, place, date and time of the meeting and shall be accompanied by documentation topics included in the agenda. Typically, covenants and documentation will be communicated to administrators with at least five days before the meeting. In duly justified cases, the notice and documentation can be communicated to managers in a shorter period. Regular meetings can take place without a notification if administrators are present and accept this situation specifically.
4. The Agenda for regular meetings will be established by the President or Vice-President of the Board and will indicate the materials subject to Board approval and those presented to brief.
5. In well-justified cases, meetings may also be conducted online by computer means that provide video and/or audio connections. If, for technical reasons, one of the administrators cannot be connected by audio/video equipment to participate in the online meeting, he/she can send his/her views and vote by e-mail. The secretary of the board will record in the register of meetings the manner of presence and voting of each administrator. In the case of meetings held using computer means, the members of the board have the obligation to ensure that, during the entire period of the meeting to which they are connected, they are in an appropriate space where they do not have direct or indirect access to third parties and which allows for the strict observance of the confidentiality of all discussions. The administrators shall be strictly prohibited from recording or facilitating the recording, by any means, of discussions and debates during board meetings.
6. The Board is legally gathered if at least three administrators attend the meeting.
7. Meetings are chaired by the Chairman of the Board or, in his absence, by the VicePresident.
8. The decisions of the board are taken with the vote of the majority of those present.
9. The Secretarial part of the meetings is ensured by the secretary of the board, which meets all the necessary operations including drawing minutes of the meeting, stating the name participants, order of deliberations, decisions, the number of votes received and

separate opinions. The minutes shall be signed by the Chairman of the Board, sent in copy to each administrator and kept by the council secretary in the company's records.

III. COMMITTEES OF THE MANAGEMENT BOARD

1. The Board of Directors establishes working committees consisting of its members. The committees are charged with carrying out activities and making recommendations to the Board in areas such as audit, remuneration of directors and other activities deemed necessary by the Board.
2. It is compulsory to establish an Audit Committee and a Nomination and Remuneration Committee.
3. The Board remains collectively responsible for the decisions and actions of any of its committees, Committees proposals not directly applicable but only by a Board decision.
4. A committee acts independently and diligently fulfills the powers set, informing correctly and fully the Management Board of its results, making proposals to improve or fix issues rated as inadequate.
5. Activities that by law must be made by the Board cannot be delegated to a committee.
6. Committees shall promptly inform the Council about the actions they carry out.

III.1 THE AUDIT COMMITTEE

1. The Management Board will establish an Audit Committee consisting of three non-executive administrators of which at least one must be an independent administrator. In the first meeting, the Committee shall elect from among its members by open vote, and shall appoint a Chairman and a Secretary of the committee who may also be a person outside the Board.
2. At least two members, including the chairman, must prove to have suitable qualifications relevant to the position and responsibilities of the committee.
3. At least one member of the Audit Committee shall have accounting or auditing experience, proven and appropriate.
4. Chairman of the Audit Committee must be an independent non-executive director. Chairman of the Board may not be Chairman of the Audit Committee.
5. Within its responsibilities, the Audit Committee conducts an annual assessment of the internal control system. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management reporting and internal control submitted to the audit committee, timeliness and effectiveness of the

management resolving deficiencies or weaknesses identified by the internal control and submission of relevant reports to the Board.

6. The Audit Committee manages potential conflicts of interest in connection with transactions of the company and its subsidiaries with third parties, within the tax code.

7. The Audit Committee shall monitor the application of legal standards and generally accepted internal audit standards.

8. The Audit Committee shall receive and assess internal team audit reports.

9. During their term, members of the Audit Committee shall not hold office or qualities incompatible with the mission of the Committee.

¹ Under the tax code in force on the date of approval of this Code of Ethics, a person is affiliated with another person if her relationship is defined by at least one of the following cases:

a) a natural person is affiliated with another natural person if they are husband / wife or relatives up to the third degree inclusive;

b) a natural person is affiliated with a legal person if the individual owns, directly or indirectly, including holdings of affiliated persons at least than 25% of the value / number of shares or voting rights of a legal person or if he/she controls the legal entity effectively;

c) a legal person is affiliated with another legal person if they hold at least, directly or indirectly, including holdings of affiliated persons at least 25% of the value / number of shares or voting rights of the other legal entity or if controls de facto the legal person;

d) a legal person corporate is affiliated with another legal person if a person owns, directly or indirectly, including holdings of the affiliated persons, at least 25% of the value / number of shares or voting rights of the other legal entity or if controls actually that person.

10. In exercising its main duties and responsibilities, the Audit Committee will carry out at least the following activities:

- a. will examine and verify the annual and interim consolidated financial statements of the company and any other financial reports before they are submitted to the Council for approval;
- b. shall consider and make recommendations to the Board on the appointment, reappointment or revocation of the external auditors;
- c. evaluate periodically the effectiveness, independence and objectivity of the external auditor and monitor the relationship with it;
- d. will make proposals to the Council on specific areas where additional checks may be required by the external auditor;
- e. shall consider and approve the powers of the Internal Audit and will monitor the work to ensure they act objectively and independently.

11. The Audit Committee shall meet regularly, at least once a quarter and whenever appropriate.

12. Committee meetings shall be convened by the chairperson, or the President or Vice President of the board. The Committee will meet even if two of its members request a meeting. By duty of the secretary of the committee the convening notice will necessarily be communicated to each member of the audit committee by e-mail / fax / postal service and will include the proposed agenda, place, date and time of the meeting and shall be accompanied by documentation topics included the agenda. Typically, convener and documentation will be submitted at least five days before the meeting. In duly justified cases, the notice and documentation can be communicated in a shorter period. Meetings can take place without a convener if the committee members are present and accept this situation specifically.

13. The Committee may invite to the meeting any administrator, director or employee of Antibiotice SA.

14. The internal Auditor of the Company shall attend all meetings without the right to vote, unless the President of the Committee considers that his participation is not necessary.

15. The quorum requirement is deemed to be fulfilled Committee meets validly when at least two members are present.

16. The Committee shall take decisions by majority vote of members present.

17. The Secretarial part of the meetings is ensured by the secretary of the board, who performs all the necessary operations including drawing minutes of the meeting stating the name of participants, order of deliberations, decisions, the number of votes received and separate opinions. The minutes shall be signed by the Chairman of the Board, sent in copy to each administrator and kept by the secretary in the company's records.

III.2 COMMITTEE FOR APPOINTMENT AND REMUNERATION

1. The Management Board will establish an Appointment and Remuneration Committee consisting of three non-executive administrators of which at least one must be an independent administrator. In the first meeting, the Committee shall elect from among its members by open vote, and shall appoint a Chairman and a Secretary of the committee who may also be a person outside the Board.

2. The Chairman of the Nomination Committee will be an independent non-executive administrator.

3. During their mandate, Nomination and Remuneration Committee members shall not hold office or qualities that could be considered incompatible with his mission.

4. The duties and responsibilities of the Nomination and Remuneration Committee are mainly the following:

- a. formulate proposals for the position of administrators, elaborate and present the selection procedure of candidates for the position of Chairman and other senior positions, recommend board candidates, formulate proposals for the remuneration of directors and other positions,
- b. will assess, at least once a year, the independence of board members,
- c. will check the number of mandates held by members of the Board in other companies,
- d. will carry out other tasks related to the appointment or revocation of Board members if instructed to,
- e. the Board of Directors will propose candidates for appointment, reappointment or revocation thereof to / from membership on the Board. The Committee may reject candidates who do not meet the criteria for holding the office of member of the Board,
- f. will ensure that the candidates for membership of the Council have the training and experience necessary to perform their duties;
- g. prepare an annual report on the remuneration of administrators and other benefits granted to them and the company's directors, report to be presented by the board to the General Assembly of Shareholders.

5. The Nomination and Remuneration Committee shall meet regularly, at least twice a year, and as often as needed. Committee meetings shall be convened by request of the Chairman. Chairman of the Committee will specify the agenda of the meetings. The Committee will meet even if only two members request a meeting.

6. By the secretary of the board, the convener will necessarily be communicated to each member of this committee by email / fax / postal service and will include the proposed agenda, place, date and time of the meeting and shall be accompanied by documentation topics included in the agenda. Typically, covenants and documentation will be communicated to administrators with at least five days before the meeting. In duly justified cases, the notice and documentation can be communicated to managers in a shorter period. Regular meetings can take place without a convener if members are present and accept this situation specifically.

7. The Committee may invite to meetings any administrator, director, or other employees of Antibiotice S.A.

8. The quorum shall be deemed to be fulfilled and the Committee gathers validly when at least two members are present (including the Chairman of the Committee).
9. The Committee shall take decisions by mutual agreement. If no agreement is reached, decisions shall be taken by a simple majority of present members' votes.
10. The Secretarial part of the meetings is ensured by the secretary of the board, who performs all the necessary operations including drawing minutes of the meeting stating the name participants, order of deliberations, decisions, the number of votes received and separate opinions. The minutes shall be signed by the Chairman of the Board, sent in copy to each administrator and kept by the secretary in the company's records.

III. 3 THE COMMITTEE ON TRADE POLICIES

1. The Management Board will set up a Trade Policy Committee, consisting of three administrators, at least one of whom must be an independent non-executive administrator. During its first meeting, the committee shall elect from among its members, by open vote, a Chairman and shall appoint a Secretary of the committee who may also be a person from outside the management board.
2. The Trade Policy Committee is constituted as an advisory committee of the Management Board that exercises its specific attributions, roles and responsibilities in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, the Internal Regulations of the Management Board of Antibiotice SA, the Articles of Association, the Corporate Governance Code of Antibiotice SA and the Law no. 31/1990 on commercial companies.
3. The Trade Policy Committee supports the Management Board in implementing the management plan by transposing it into appropriate trade policies.
4. To the extent that the membership of the Board allows, the appointment of the members of the Trade Policy Committee shall take into account that they have relevant experience and practice in at least one of the areas of trade, finance, accounting, trade marketing and a good knowledge of the applicable law to the company activities.
5. The guiding principles that coordinate the work of the Trade Policy Committee are as follows:
 - a. the principle of legality, which implies the compliance by the company with all the applicable legal provisions in relations with the partners and authorities, as well as with the internal regulations and procedures approved by the administrators,
 - b. the principle of optimizing trade policies, which involves establishing the marketing and promotional actions intended to stimulate the company's business and to ensure their long-term sustainability,
 - c. the principle of the rational occupation of production capacities,

d. the principle of the territorial expansion, which involves the establishment of the trade policies intended to identify new business opportunities in the international trade.

6. The Trade Policy Committee reviews the trade policies, including marketing and promotion policies, through which the company's Management Plan and the Management component of the Management Plan (Business Plan) are implemented. In order to carry out these tasks, the members of the committee will receive reports from the directors of the company in the meetings of the board and whenever the committee members make requests in this respect.

7. Every six months the Trade Policy Committee will draw up and submit to the Management Board a centralized report on the activity carried out, in which it will present its conclusions and make the recommendations it deems necessary.

IV. CONFLICTS OF INTEREST

1. Conflicts of interest of administrators will be managed in accordance with the provisions of the Code of Ethics.

2. Administrators have the obligation to inform the board immediately regarding any conflict of interests they have or may be involved in.

These Regulations were adopted by the Management Board of S.C. Antibiotice S.A. in the meeting of January 26, 2017 and updated in the meeting of 11.11.2020.

**THE CORPORATE GOVERNANCE CODE
OF ANTIBIOTICE S.A.**

ANNEX NO. 2

**EVALUATION REGULATIONS
OF THE ADMINISTRATORS OF ANTIBIOTICE S.A.**

PREAMBLE

1. The corporate governance of the company is achieved through the Management Board, which ensures that the management team of Antibiotice S.A. acts in order to achieve the interests of the company's shareholders.
2. One of the instruments that can help the Management Board to maximize the efficiency of its activity is represented by its evaluation operation.
3. Through the results of these evaluations, the shareholders of the company can find out whether the members of the Board act efficiently, loyally and with integrity, both individually and collectively, pursuing exclusively the achievement of the company's interests.
4. The evaluation of the Management Board members has as main objectives:
 - improving the work of the Board in relation to the company's objectives and strategies,
 - the identification of the Council's strengths as well as the areas which need improvement,
 - the identification of risks and vulnerabilities in the work of the Board as a whole and of the managers individually,
 - the analysis of the integrity of the administrators,
 - identifying the necessary measures to correct any shortcomings,
 - raising awareness among the Board members on the role of this body,
 - strengthening the collaboration relationships among the the Board members.

1. EVALUATION METHODOLOGIES

1.1 The evaluation activity of the Management Board members can be performed by two methods:

- Self-evaluation.
- External evaluation.

1.2 In the case of the self-evaluation method, the Management Board members will be evaluated by means of a methodology and a questionnaire designed by the Board members and/or by an interview, each member of the Board having a discussion with the Chairman of the Board and/or the Nomination and Remuneration Committee relating to the activities carried out within this body.

1.3 The result of the evaluations can be verified and endorsed by external auditor of Antibiotice S.A., in which case he or she will specify this in the annual audit report, together with his or her observations.

1.4 In the case of an external evaluation, this operation is carried out by an independent natural or legal person, specialized in the recruitment of human resources.

1.5 The evaluation procedure is carried out by means of a questionnaire designed by the expert and/or an interview; each member of the Board has a discussion with the expert regarding the activities carried out within this body.

1.6 Regardless of the evaluation method chosen, it is important that it will be governed by principles such as:

- Privacy;
- Objectivity;
- observing the interests of the company;
- credibility.

2. EVALUATION OF THE BOARD MEMBERS

2.1 The Management Board will establish the method of evaluation of its members, of self-evaluation or external evaluation.

2.2 The evaluation parameters of the Management Board members aim at:

- developing the company's strategies and business plans,
- the implementation of robust procedures and policies, appropriate to the company's activity, membership, structure and experience of the Board members,
- the supervision of financial reporting procedures, risk management and internal audit procedures,
- that the company ensures that the managers do not pose a potential risk that could

lead to the company's vulnerability, for which purpose it analyzes whether they have maintained a good reputation, sufficient knowledge, skills and experience, if they are able to act with honesty, integrity and independent thinking to evaluate the management decisions,

- that the company ensures that the administrators can allocate enough time to perform specific tasks,
- that the company ensures that the administrators represent the interests of the shareholders and work for them,
- that the company ensures the good representativeness and functionality of the relationship between administrators and shareholders,
- the ability to invest time and effort in understanding the company's operating mechanisms,
- the ability to communicate with other members of the Board, as well as with the company's management team.

2.3 The evaluation of the performance indicators of the Management Board members cannot be subject to self-evaluation, it will usually be performed annually based on the Activity Reports prepared and presented by the administrators at the General Meetings of Shareholders, after the auditing by the external auditor.

2.4 The evaluation of the fulfillment of the obligations and expectations of the shareholders will be made on the basis of the present Regulation and of the decisions of the board, within the provisions of the Emergency Ordinance no. 109/2011, regarding the governance of public enterprises, as well as of G.D. no. 722/2016.

3. EVALUATION STAGES

3.1 The first stage of the evaluation of the Management Board members consists in identifying the objectives of the evaluation.

3.2 The objectives of the evaluation must be to establish the degree to which the activity of the Board members contributes to the achievement of the company's strategies, including in relation to the expectations of the shareholders.

3.3 The questionnaires used in the evaluation procedure of the Management Board members will answer, without limiting themselves to the following questions:

- how has the Board contributed to the development of the company's strategies?
- what has been the Board's contribution to the development of risk management policies?
- what was the Board's contribution to the implementation, application and evaluation of the company's internal control systems?
- does the membership of the Board and the Committees ensure the achievement of the company's objectives?
- do the administrators show diligence in their activity, appearing at all the meetings of the Board, as well as at the General Meetings of Shareholders? During the evaluations, for the presence in the meetings of the Board and of the General Assemblies, the administrator will be scored differently for the attendance of 100%, for the

attendance between 90-99%, for the attendance between 80-89%, and so on.

- how did the Board react to the problems that arose during its activity?
- did the administrators act honestly and loyally in their work as well as in their relationship with the company and the shareholders?
- how well do the Board members communicate with the company's management team?
- in their activity, do the administrators comply with the applicable legal provisions, as well as with the ethical regulations?
- how effective are the Council Committees? In the evaluations, the administrators will be evaluated differently for the activity in the board committees, taking into account the individual degree of involvement, the proposals made and their applicability in the company's activity.

3.4 In the second stage of the evaluation, the standard questionnaires filled-in by the Management Board members and/or the minutes drawn up during the discussions with them by the Chairman of the Board will be submitted to the Nomination / Remuneration Committee which, following their analysis, will draw up a report with its conclusions. The report will be presented to the entire Management Board. The administrators may request the opinion of the external auditor on the self-assessment performed, as well as that of the shareholders on whose proposals they have been appointed as administrators.

3.5 Following the evaluation and presentation of the Nomination/Remuneration Committee's report to the Management Board, its members may develop an action plan that will aim to remedy any malfunctions found by the Nomination / Remuneration Committee and / or take measures accordingly.

3.6 In order for the evaluation procedure to be current and in line with legislative changes, it may be amended annually as a result of proposals and recommendations made by the Board members.