



Code of Corporate Governance

Effective as of January 1, 2025



Own the future. Invest in it.

Preamble

The Bucharest Stock Exchange (BVB) and European Bank for Reconstruction and Development (EBRD) worked together to review the BVB Corporate Governance Code (the “Code”), aligning it with recent regulatory changes, updated global standards and stakeholders' priorities. The BVB and EBRD were supported in reviewing the Code by representatives of renowned institutions from the international governance landscape and from the Romanian private and public sector: the General Secretariat of the Romanian Government, the Agency for Monitoring and Evaluation of the Performance of Public Enterprises, the Financial Supervisory Authority, the Romanian Investor Relations Association, the promoter of investor relations concept in Romania, the Envisia Boards of Elite, the business school for board members and C-level executives, and Sodali & Co.

The purpose of the Code

Corporate governance codes are an important element of the corporate governance framework. By setting standards and expectations on good corporate governance practices, they encourage balanced exercise of authority and responsibilities as well as accountability and transparency, all of which underpin all sound governance frameworks.

Likewise, the purpose of the Bucharest Stock Exchange Code of Corporate Governance is to promote effective governance and accountability in companies whose shares are listed on the regulated market of Bucharest Stock Exchange¹ (the “Companies”) and the underlying practices in the Code aim to achieve this through several means.

Firstly, ensuring that the board and management of a Company possess the requisite powers and responsibilities as well as necessary skills, experience and objectivity to exercise their functions is critical for effective development of the Company’s strategy and oversight of its delivery. To support the latter, internal controls must be efficient and effective. These are key to successfully managing risks inherent to any business and help ensure both ethical behaviour of its officers and employees as well as integrity of information used by the boards and shareholders when making decisions. Finally, transparency on how the Company is organised and run is indispensable when it comes to earning the trust of its shareholders, other stakeholders and the broader market.

When combined, these elements help create a solid basis for the Company to deal with commercial challenges related to its business, but also identify and mitigate sustainability-related risks and challenges, including those that arise from environmental and social impacts of its activities. This in turn contributes to long-term prospects of individual businesses and the development of the national economy through more efficient capital markets and increased trust by local and international investors.

The Code reflects changes in legal environment and developments in corporate governance practice that have been made since the previous edition of the Code was published in 2015. It sets out expected standards that are comparable with those in other European Union and OECD Member States. The Code is based on the applicable Romanian and European legislation and avoids overlaps and duplications with legal provisions as much as possible. However, following the Code in no way replaces the obligations to closely follow the law; on the contrary, strict adherence to the law will be a prerequisite for the implementation of the Code. Each governance body mentioned in this Code should fulfill all their duties and responsibilities as reserved by the law for them, meaning that provisions of the Code assigning a role to a specific governance body do not prejudice the role of other governance bodies in accordance with the law.

The structure of the Code

The Code is divided into five main sections, each of which address a different aspect of Companies’ governance arrangement. They cover: Section A – “Governing Bodies”, Section B – “Risk Management and Internal Control

¹ Companies which are in insolvency or bankruptcy status at the end of the year for which the reporting is prepared and disclosed are exempted from the application of this Code.

Framework”, Section C – “Performance, Motivation and Reward”, Section D – “Disclosure and Investor Relations”, and Section E – “Sustainability and Stakeholders”.

Each section is divided into three parts: Purpose, Principles and Provisions.

The Purpose parts describe why the matters covered in the section are important for effective governance. They are included only to provide context for the Principles and Provisions, and there is no requirement for companies to act or report on information from their Scope.

The Principles describe the objectives that the Companies should aim to achieve. Companies should make sure that their governance arrangements meet these objectives by applying the Provisions.

The Provisions specify practices that, if followed, enable companies to meet the objectives set out in the Principles. When a Company does not comply with a Provision of the Code, it should provide an explanation why it has not done so (see below).

How the Code is to be applied

The Code follows the “comply or explain” approach, which provides Companies with the flexibility to decide which practices to adopt in order to ensure the effectiveness of their governance.

While the practices stated in the Code are appropriate for most Companies, there may be circumstances where one or more of the practices is not suitable or implementable in the short term and, in this context, companies are allowed to deviate from the Code, i.e. not comply with individual Provisions. However, in those cases they are required to explain to their shareholders why they have made that decision.

If a Company does not comply with a Code Provision, it must:

- explain in what way the Company does not comply with the Code Provision and the reasons why, with reference to the Company’s specific circumstances;
- describe the actions it has taken instead of complying with a Code Provision to make sure it meets the objective set out in the relevant Code Principle;
- and if the Company intends to comply with the Code Provision in the future, specify when it expects to start doing so and how.

On their part, investors should be able to communicate with the Company’s representatives on its decision regarding specific cases of non-compliance but should not insist on mechanistic compliance with the Code. Instead, they should consider the disclosures made by the Company on compliance with the Provisions of the present Code as an opportunity to understand the situation at the Company, engage constructively and discuss corporate governance practices that are the most relevant to individual companies, taking into account Company-specific circumstances. It is also recognised that, because of the Provisions that have been added to the Code, Companies may require time to change their governance structures, policies or processes in order to comply. Investors should appreciate the time needed to undertake these changes when analysing Companies’ governance practices and discussing Companies’ plans in this area. The information and explanations provided in line with the Provisions of this Code should facilitate this dialogue.

How the Code should be applied for two-tier board structures

The Code has been written to be applied by companies with one-tier board structures – that is a single board of directors, which is the most common governance structure among listed companies in Romania. To facilitate reporting by Companies organised under the two-tier board structure (i.e. those that have a supervisory board and a management board), Appendix B contains guidance on how those companies should interpret the Code’s Provisions.

Reporting on the Code

Companies will be expected to start adjusting their practices in line with the Code from January 1, 2025. Therefore, the annual report of the companies for financial year 2025 (which contains the corporate governance chapter and the “comply or explain” statement) will be the first reporting that companies will have to do based on the

Provisions of present Code.

As the “comply or explain” statement required by the present Code will be part of the Company’s annual report, as appendix under the corporate governance chapter, it is recommended that all corporate governance reporting obligations of the Company are also included and presented in the corporate governance chapter of the annual report.

Monitoring of the Code

BVB will monitor on an annual basis, with the support of third-party, if needed, the Companies’ compliance with the Corporate Governance Code, draw up an aggregated statement and publish the aggregate results of this monitoring yearly.

Section A

Governing Bodies

Purpose:

Good corporate governance starts with a well-functioning Board of Directors (the “Board”). A well-functioning Board is crucial to providing proper strategic direction and sound oversight of the Company in the best interests of the Company, its shareholders, as well as taking into account the interests of other stakeholders.

The Board cannot substitute professional managers and should not interfere in the daily Company operations. The Board should be responsible for the Company leadership and should actively shape the strategic direction of the Company, including the Company’s response to an increasing focus on environmental and social risks and climate change-related challenges and opportunities. The Board should approve the Company’s strategy, major strategic recommendations, risk appetite and policy, annual budgets, business plans, including the main Key Performance Indicators (KPIs). The Board should also help to establish and monitor the implementation of corporate and performance objectives and oversee the executive management. The Board, together with executive management, should further establish a strong corporate culture, promote ethical business conduct and guide the behavior of directors, management and employees. As a key element of the corporate governance framework, the Board helps to ensure that all other governance components are working effectively.

The value of the Board comes from the constructive debates and challenges to management as well as the multitude of perspectives and experiences deployed in this process. This typically includes contributions by qualified and independent directors who, by virtue of their objectivity and expertise, bring in insights that other board members may not have. Thus, the Board’s efficiency, competence and integrity are important for good corporate governance. An effective Board should include individuals with the right mix of skills, experience and independence in line with the Company’s objectives and strategic goals and be aided by specialised Board committees.

Principle:

A.1. The Board should ensure the Company’s long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.

Provisions:

1. The Board should have an internal regulation that formalises and clearly states its roles and responsibilities. The articles of association, Board’s internal regulation and other internal regulations should clearly delineate the roles and competencies among the Board, general meeting of shareholders (GMS) and executive management.
2. Board’s internal regulation should include, among others, the Board’s responsibilities as well as fiduciary duties of directors to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company, its shareholders and taking into account the interests of other stakeholders in line with legal requirements.
3. To sustain the Company’s long-term viability and success, the Board should:
 - Oversee the development and approve the Company’s strategy and ensure that it also integrates sustainability aspects, including environmental and social (E&S) considerations and climate-related risks and opportunities;

- Appoint and dismiss CEO and other executives to whom executive management responsibilities were delegated (called executive management²) and ensure their succession planning;
- Oversee the management performance, management role in addressing material sustainability risks and opportunities and align the remuneration of executive management with the long-term interests and sustainability of the Company, according to the provisions of the Company's remuneration policy;
- Ensure there is a sound framework for internal controls and risk management;
- Ensure that the Company has in place procedures to enable effective communication with shareholders and other stakeholders.

4. Duration of appointment of Board and executive management should be set clearly and should, to the extent possible, foster stability and predictability.

Principle:

A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.

Provisions:

1. The Board should have at least five members.
2. The Board should have in place a policy on Board and executive management diversity and should ensure that diversity requirements in terms of gender, age, experiences and skills are incorporated in the Nomination Policy.
3. The Board should develop a Board profile which specifies the desired characteristics and traits of its members including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to devote adequate time and effort to Board responsibilities in the context of the needs of the Board and its committees and their exercise of the Board's strategic and oversight roles. The Board profile can be part of the Nomination Policy.
4. The majority of the members of the Board should be non-executives. At least a third of the Board members should be independent. Each independent member of the Board should submit a declaration regarding his/her independence at the time of his/her nomination for election or re-election as well as when any change in his/her status arises, as per the criteria of independence defined in law and in Appendix A to the Code.
5. The Nomination and Remuneration Committee (or the entire Board if there is no Nomination and Remuneration Committee) should assess whether the directors can be considered independent under the factors taken into account, by examining whether there are any business or other personal relationships that could materially affect the independence and objectivity of the director and his/her ability to act in the best interests of the Company, its shareholders and stakeholders.
6. The positions of Chairperson and Chief Executive Officer (CEO) are recommended to be held by different individuals.
7. If the Chairperson and CEO functions are performed by the same person, it is recommended that the Board appoints an independent Vice-Chairperson.

Principle

A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the

² Executive management is represented by managers as defined by Company's Law 31/1990, updated, in art. 143, par (1) and (5).

nomination of new members to the Board.

Provisions:

1. The Company should develop and disclose a board nomination policy (“Nomination Policy”) that should define the processes and procedures for the nomination, election or replacement of a director. The Nomination Policy, approved by the competent governance body, shall describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from members of the Board, including in relation to the board profile, independence and diversity.
2. The Board, through its Nomination and Remuneration Committee, if established, should monitor the nomination process of candidates for the position of Board member.
3. The Company should disclose to shareholders information on the experiences and CV of the director candidates that they require to make an informed decision on the appointment or reappointment of the directors including the following:
 - candidates’ professional commitments and engagements, including executive and non-executive positions in companies, public authorities, not-for-profit bodies or other organisations;
 - any existing or potential conflicts of interest including whether they have business, family or other relationships that could affect their performance as directors on the Board;
 - which shareholder or member of the Board proposed each candidate for the Board positions.

Principle:

A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.

Provisions:

1. The Board shall establish an Audit Committee to enhance its oversight capability over the financial reporting, internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. Where a separate risk management committee is not required by law or already established, the Audit Committee will also include oversight responsibilities for the efficiency of the risk management framework.
2. The Audit Committee is recommended to be composed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Audit Committee, as a whole, should have competencies relevant to the Company’s area of operations. The Committee and its members should comply with the applicable national and European legislation.
3. The Boards of Premium Tier companies should set up a Nomination and Remuneration Committee formed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Board may also establish a separate Nomination Committee and a separate Remuneration Committee if the Board composition accommodates it and if this is justified given the Company’s size and complexity of its business and governance structures.
4. In addition to its specific responsibilities as provided under this Code, the Nomination and Remuneration Committee should:
 - i. Review and recommend to the Board the size and composition of the Board and lead the development and ongoing review of the Board profile;
 - ii. Identify individuals qualified to become Board members and members of the executive management, if requested; evaluate the candidates for executive management roles; evaluate the candidates proposed by the shareholders or by Board members for a director role and inform

- the GMS accordingly;
- iii. Make recommendations to the Board concerning committee appointments (other than the Nomination and Remuneration Committee);
 - iv. Coordinate an annual evaluation of the Board, directors and committees in line with provisions set out in Principle A.5.;
 - v. Assist the Board in fulfilling its responsibilities related to the Company's remuneration policy;
 - vi. Assist the Board in the development of the succession plans for executive management, as well as the emergency succession plans and CEO search process, as required;
 - vii. Oversee the administration of the Company's compensation and benefits plans.
5. The role and responsibilities of Board committees should be defined in separate internal regulation (operating regulations) and disclosed on the Company's website. If the Company chooses not to establish any of the Board committees not required by law, the corresponding tasks and responsibilities shall be done by the Board and should be adequately stated in the Board's internal regulation.
 6. The evaluation of independence for the members of the committees, including when the members of the committees are appointed by the GMS, shall be carried out according to the same procedure applicable to the independent members of the Board.
 7. The chairpersons of the Audit Committee and Nomination and Remuneration Committee should not be the Chairperson of the Board or of any other committee, unless this is justified by the size of the Board.

Principle:

A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.

Provisions:

1. The Board Chairperson is primarily responsible for ensuring that the Board functions properly. The Board's internal regulation should contain the role and responsibilities of the Board Chairperson and the Board Chairperson, at a minimum, should:
 - Determine the agenda of the Board meetings, chair such meetings and ensure that minutes are kept of such meetings;
 - Ensure the Board receives accurate, timely, useful, succinct information to enable the Board to make sound decisions;
 - Ensure the Board has sufficient time for consultation and decision-making;
 - Enable the Committees to function properly and that there is effective communication with Board committees, including actionable, insightful reports of committees back to the full Board;
 - Ensure the performance of the Board is evaluated and discussed at least once a year and disclosed as per provision D.1.3;
 - Ensure that the Board has proper working relationship with the executive management. The CEO and the Chairman of the Board (if positions are held by different individuals) shall meet regularly;
 - Address and manage internal disputes and conflicts of interest concerning Board members.
2. The Board should meet as often as necessary but not less than six (6)³ times a year.

³ At least 4 meetings for financial results, 1 meeting for strategy and 1 meeting for Board evaluation.

3. The Board can request to designate the Corporate Secretary who should assist the Board in complying with its obligations under law, Board internal regulation and other policies. The Corporate Secretary should be a senior officer in the Company tasked with assisting the Board and its committees in organising their activities, in preparing for the meetings, annual Board and committee performance evaluation and director training programs, if the case.
4. The Board should clearly define the rights and responsibilities, scope of authority and other issues related to the Corporate Secretary.
5. The Board and its committees should develop and approve an annual internal work plan identifying topics to address during the year before the end of the previous year. The plan should take into account decisions that need to be proposed to the GMS, reporting by management and internal control functions, the required frequency of Board and Committee meetings, and should be reviewed by the Chairperson, assisted by the Corporate Secretary.
6. The Board should conduct an annual evaluation of the composition, activity and dynamics of the Board and its committees, individually and as a whole, and which should be coordinated by the Nomination and the Remuneration Committee.
7. The Nomination and Remuneration Committee should share the results of the Board evaluation with the whole Board and should then set follow up actions, if any, including professional development and training plans for the Board to fill gaps.
8. The Board's internal regulation should require Company orientation (induction) programmes⁴ for newly appointed directors, ensured by internal staff of the Company. The Board's internal regulation can also include references for ongoing director education program, if needed. The implementation of any orientation and ongoing trainings programmes for directors (as per the Board decision) is made under the oversight of the Nomination and Remuneration Committee, with the support of the Corporate Secretary. Based on the results of the annual board evaluation, the Nomination and Remuneration Committee jointly with the Board Chairperson shall develop professional development programmes focusing on the areas where capacity should be built among Board members.

Principle:

A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.

Provisions:

1. Executive management should run the Company and be accountable to the Board. Division of responsibilities between the Board and the executive management and between different members of the executive management should be clearly articulated in the Company's by-laws and the internal regulations of the Company.
2. When Board Chairperson and CEO roles are exercised by one individual, the different responsibilities of the Board Chairperson and CEO should be clearly defined and distinguished in the Company by-laws.
3. The Board should ensure that the executive management is comprised of persons with adequate knowledge, skills, diversity and experience to support successful Company performance and that there are measures in place to provide for the orderly succession of executive management.

⁴ An induction programme for directors is a structured process designed to introduce new directors to the Company. It familiarizes them with the Company's operations, governance structure, culture, policies and key responsibilities, so that they can effectively fulfill their role. The induction programme helps accelerate their integration within the governance structure of the Company and their understanding towards Company's strategy and operations.

4. The Board, with the support of the Nomination and Remuneration Committee, should annually evaluate executive management's performance, the effectiveness of its cooperation with the Board, including the information provided to the Board.

Section B

Risk Management and Internal Control Framework

Purpose:

A risk management and internal control framework is essential for Company's sustainable growth and achievement of business goals. Risk management and internal control are fundamentally about ensuring that the Company is able to identify and deal with the risks it faces and deliver on its strategic objectives, but also to seize new opportunities, which is why risk considerations should be integrated into the Company's strategy, business model and governance structures.

While the major risks vary among companies, they typically encompass financial, operational, regulatory, organisational and sustainability-related challenges. In recent years, risks related to climate change, environmental and social impact of companies' operations and risks around cybersecurity and the use of digital technologies have come to the fore. An effective risk management framework cuts across all levels and operations to enable companies to identify emerging risks, make informed decisions in line with the amount of risk the Company is willing to take (i.e., risk appetite and risk tolerance) and report to the Board and its committees on the status of the major risks. A key function of the internal control framework is also to ensure the reliability of information used by management and disseminated through financial statements and other disclosures.

An internal audit function helps a Company to achieve its goals by regularly evaluating and enhancing risk management, internal control, anti-corruption, whistleblowing and governance processes. It provides critical insights to the Board regarding internal process weaknesses, enabling timely remedial action thereof. Independent examination of a Company's financial reports by external audit increases their value and investor confidence.

A clear explanation in the Company's annual report of its current position, performance, business model and strategy and major financial and non-financial risks and how they are managed or mitigated can also instill confidence by shareholders and other stakeholders that the Board understands and is actively addressing the challenges it faces.

Principle:

B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.

Provisions:

1. The Board determines the nature and extent of the risks the Company is willing to take necessary for the achievement of Company's strategic objectives (i.e., the Company's risk appetite) and should ensure there are clear structures, policies and procedures in place that identify, evaluate, report, manage and monitor significant and emerging risks, including risks related to sustainability, cybersecurity and the use of digital technologies. The Board should explain in the annual report the mechanisms and processes in place to identify and manage risks.
2. The Board should adopt a formal risk management policy, to ensure accurate, complete and timely identification, measurement and reporting of risks, adequate and feasible risk control measures as well as integration of an E&S risks into the risk management framework in support of the Company's strategy implementation.

3. The Board and Audit Committee should understand emerging information technology and artificial intelligence-related changes so to mitigate cybersecurity risks. Time should be given to the AI risks and opportunities and cybersecurity on Board agenda to ensure understanding of cyber protection.
4. The Company is recommended to establish a risk management function responsible for ensuring accurate, complete and timely identification of the risks, ensuring that adequate and feasible risk control measures are in place and monitoring the risk management procedures. The risk management function, through the Chief Risk Officer (CRO), where present, should have a direct communication and functional reporting to the Board and Audit Committee (if there is no separate Risk Committee).
5. The Board with the assistance from the Audit Committee should at least annually assess the adequacy and effectiveness of Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, internal control reports, if they are required by applicable legislation, to the Audit Committee, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submission of relevant reports to the Board.
6. The Company should develop and make available on a free of charge basis on the Company's website a whistle-blowing mechanism which would enable employees and stakeholders to make reports about suspected breaches or wrongdoings as per the applicable legislation in place.

Principle:

B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.

Provisions:

1. In addition to its responsibilities mentioned in legislation and elsewhere in the Code, the Audit Committee should:
 - Review the Company's internal controls and risk management frameworks;
 - Oversee the development and application of the Company's policies on conflicts of interests and related party transactions;
 - Ensure independence and review the effectiveness of the Company's internal audit function and make a recommendation to the Board;
 - Oversee the internal audit function;
 - Oversee the preparation of sustainability-related reports and information included in them, unless this task is assigned to another committee;
 - Oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements and internal regulations of the Company (like the procedures for reporting breaches of the law or the Company's Code of Conduct), unless this task is assigned to another committee.
2. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by regular (at least annual) or ad-hoc reports to the Board.
3. The Audit Committee should monitor the independence and objectivity of the external auditor. The Committee should approve a policy on the provision of permitted non-audit services by the external auditor in line with legal requirements and enforce implementation of that policy. Committee's findings regarding the independence of the external auditor should be disclosed in the annual report.
4. The Audit Committee should discuss the annual audit work plan with the external auditor covering the scope and materiality of the activities to be audited. The audit committee should meet the external

auditor as needed to discuss issues identified and to monitor the quality of the services provided.

Principle:

B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.

Provisions:

1. The Board should ensure that the internal audit has the authority, resources and procedures adequate to assist the Board in ensuring effectiveness and efficiency of the Company's risk management and internal control framework.
2. To ensure fulfillment of the core functions of the internal audit function, the head of the function should be appointed by and report functionally directly to the Board via the Audit Committee, who shall be tasked with approving his/her appointment and dismissal. This is without prejudice to administrative reporting to the CEO and sharing information with the Company's executive management, in line with legal requirements and professional standards.
3. The internal audit function should be established in line with applicable legal requirements and industry standards (e.g., Institute of Internal Auditors). The internal audit authority, composition, remuneration, annual budget, working procedures and other relevant matters shall be regulated in separate internal audit's internal regulation approved by the Board, following the recommendation of the Audit Committee.
4. The Audit Committee should agree an annual internal audit work plan with the internal auditor, receive internal audit reports, updates on key audit issues, monitor implementation of recommendations of the internal audit and provide necessary guidance.

Section C

Performance, Motivation and Reward

Purpose:

The way in which individuals are incentivised has a significant impact on how they perform and behave. The design of remuneration packages can be very influential in this regard and great care needs to be taken both in designing the packages and assessing whether any performance or other conditions have been met.

The remuneration of both Board members and management needs to incentivize them to act in the best long-term interests of the Company, in accordance with their duties. This is why a balanced and clear remuneration policy is crucial for determining the form, structure and level of remuneration of members of the Board, the CEO and other senior managers.

For board members, best practices suggest avoiding performance-related fees that might impact the Board members' incentives and potentially compromise their independence and objectivity. On the other hand, executive management remuneration requires a careful balancing of fixed remuneration with variable remuneration based on performance, by setting targets that both reward the exceptional performance and avoid excessive risk-taking inconsistent with the strategy.

The Board should ensure transparency related to remuneration matters. The shareholders should be provided with relevant information in order to understand the principles applied by the Company regarding the remuneration policy, which is based on fair rewards and motivation for Board members, and for the CEO and executive management. The Company should ensure clear and transparent annual remuneration reporting, by disclosing the remuneration components, both individually and collectively.

Principle:

C.1. Members of the Board shall receive remuneration corresponding to the volume and weight of powers and their responsibilities, rather than the performance of management or the Company. The structure and amount of director's remuneration should enable the Company to attract, retain and motivate the competent and qualified directors.

Provision:

1. Board members should receive remuneration, as per the Remuneration Policy of the Company. Members who also serve on Board committees should receive additional remuneration for this work. But in no circumstances should the remuneration be linked to the number of board or committee meetings.

Principle:

C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.

Provisions:

2. The Board should determine the annual remuneration of the executive management, based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's remuneration policy. The remuneration policy should be prepared in accordance with the relevant legal requirements.
3. Levels of remuneration for executive management members and key performance indicators taken into account when determining variable (performance-based) part of the remuneration should be set in advance and be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment within which the Company operates, and the pay and conditions of employees within the Company. In particular, they should include indicators related to non-financial performance and appropriate sustainability objectives.
4. Company's shares and/or share purchase options should represent a significant part (e.g., not less than 10%) of the executive management member's total variable remuneration.

Section D

Disclosure and Investor Relations

Purpose:

Investor relations is essential to ensure transparency and strengthen investors' confidence. By facilitating clear and timely communication about the Company's financial performance, strategic direction and significant developments, it helps investors make informed decisions. This transparency increases investor confidence and improves the Company's reputation, attracting investments and supporting better stock valuations.

A robust investor relations strategy encourages the active involvement of investors in the corporate governance process, aligning the Company's strategy with their interests. This proactive engagement helps mitigate market volatility, supports capital-raising efforts and contributes significantly to the Company's overall stability, growth and sustainability.

As an example of a good investor relations practice for shareholders' engagement, when shareholders holding at least 20% of the voting rights have voted against a proposal of the Board/executive management, without prejudice to the voting outcome, the Company initiates a consultation with these shareholders to determine the reasons behind the voting result. The result of this consultation is published on the Company's website. Another example of good practice relates to the minutes of the GMS to be available on the Company's website within a certain period after the GMS.

Principle:

D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.

Provisions:

1. The Company should make sure to provide accurate, complete and timely financial and operational information, including quarterly, half-yearly and annual reports, as well as current reports. Companies should ensure all relevant information is easily accessible to investors, including through the Company website and other public information sources, as the case may be.
2. The Company is recommended to have an Investor Relations (IR) function and should appoint a dedicated person in charge of IR function. The contact details of the person or persons charged of the IR function shall be available on the Company's website. The IR function will report directly to the CEO/CFO, underscoring its significance within the Company's hierarchy and emphasizing its central role in managing and communicating the Company's capital market engagements and status. The Company should organise induction and regular training/courses, if needed, for the IR function, tailored to its specific needs and responsibilities.
3. The Company should include on its corporate website a dedicated Investor Relations section, with all relevant information of interest for investors, available both in Romanian and English, including:
 - Main corporate regulations: updated articles of association, GMS procedures, board's internal regulation and board committees' internal regulations.
 - List of current members of the Board, Board's Committees and executive management, providing an up-to-date information on independence status⁵, professional CVs (containing at least: name,

⁵ Every time a Board member informs the Company on the change in his/her independence status throughout his/her mandate, the Company will update the member's independence status on the Company's website.

surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), other professional commitments, including executive and non-executive Board positions in companies, not-for-profit institutions and state institutions; relationship with shareholders holding at least 5% of the voting rights/shares issued by the Company; the duration of the appointment of the members of the Board, the Committees and the executive management, specifying the date from which they were appointed.

- Current reports and periodic reports (quarterly, semi-annual and annual reports).
 - Information related to GMS: the agenda, supporting materials and the decisions taken; procedure for running the GMS; the Nomination Policy; candidates' professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), as well as any other information presented at A.3.3; communication channel(s) for shareholders to address questions; answers to shareholders' questions related to the agenda; declarations of independence for board candidates and evaluations made by Nomination and Remuneration Committee/Board for candidates, including their compliance with independence criteria.
 - Information on Board evaluation, made as per Provision A.5.7, including evaluation criteria and process, as well as a summary result of the evaluation and actions that have been or will be undertaken as a result of the evaluation.
 - 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.
 - Corporate policies, among which code of conduct, dividend policy, remuneration policy, forecast policy, policy for communication with investors, the corporate social responsibility (CSR)/sponsorship policy, policy for related parties' transactions, policy for diversity, equity and inclusion, and whistleblowing policy (if not already part of the Code of Conduct).
4. The Company should organise 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.
 5. The Company should disclose the material and reportable non-financial and sustainability issues with emphasis on the disclosure of environmental, social and governance (ESG) issues of its business and operations in line with the recognized standard of sustainability reporting. The Company's sustainability statements shall be disclosed on its website.
 6. The Company should have a CSR/sponsorship policy to guide the activity in the area of supporting CSR activities and sponsorship.

Principle:

D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.

Provisions:

1. The Company should have a dividend policy as a set of directions the Company intends to follow regarding the distribution of net profit.
2. The procedure for running the GMS should not restrict the participation of shareholders in GMS and the exercise of their rights. Amendments of the procedure for running the GMS should take effect, at the earliest, as of the next GMS.
3. The external auditors should attend the shareholders' meetings where their reports are presented, in order to respond to shareholders' questions.

4. The Board should present to the annual GMS a summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework, as per the related information included in the annual report.
5. The Company should stimulate engagement with shareholders and investors by:
 - Encouraging active shareholder participation in GMS, like ensuring conditions for virtual participation.
 - Holding regular briefings and updates for investors, especially during significant corporate events.
 - Establishing channels for shareholders to provide feedback and ask questions, ensuring responses are timely and comprehensive.
6. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairperson of the Board. Accredited journalists may also participate in the GMS, unless the Chairperson decides otherwise.

Section E

Sustainability and Stakeholders

Purpose:

The Company's employees and other stakeholders such as customers, suppliers, public authorities and local communities, all have an interest in the Company's activities and all are important if the Company is to be successful over a long period of time. Beyond their integration into strategy and operation, sustainability considerations should also permeate into the overall corporate culture of the Company. Regular engagement with its main stakeholders can help the Company to understand their views and concerns and find ways of addressing them that are in the interests of the Company and stakeholders.

Many stakeholders place great importance on the environmental and social impacts of the Company's activities. These issues are also fundamental to the long-term sustainability of the Company itself, as they affect the cost and efficiency of its operations and its reputation. They should therefore be considered when developing the Company's strategy, business model and risk management framework. An example of good practice is for the Board to ensure that Company's processes for identifying and assessing contractors take into account whether those contractors have in place robust anti-bribery and E&S policies. A sound corporate governance framework would allow investors and companies to consider and manage the potential risks and opportunities associated with sustainability transition pathways, which in turn may contribute to the sustainability and resilience of the economy.

Principle:

E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.

Provisions:

1. The Board should ensure that sustainability, environmental and social considerations are integrated in the Company's strategy and operations, risk management and remuneration practices and shall oversee this integration. A specialised sustainability committee or one of the standing committees of the Board shall assist the Board with these tasks.
2. The Board should ensure that Company's operations run according to the national and international E&S standards and Company's E&S policies are consistent with its long-term objectives. In particular, the Company shall have internal acts relating to its responsibilities for environmental and social issues and policies and procedures that enable it to identify material factors and assess the impact on the Company's activities.
3. Whenever a decision to be approved by the Board has potential material and negative E&S impact, the Board should receive from the executive management (i) an analysis on how this decision is aligned with the Company's sustainability objectives and E&S policies or (ii) proposal of the measures to mitigate negative E&S impacts.

Principle:

E.2. The Company should have in place a process for identifying the stakeholders affected by Company's operations. The Board should take into consideration stakeholders' interests and ensure there is active communication between the Company and its stakeholders.

Provision:

1. The Board should ensure that there is a formal stakeholder identification process for Company's stakeholders including investors, creditors, clients, employees and suppliers, as well as targeted approaches for engaging with its priority stakeholders.

Principle:

E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.

Provisions:

1. The Board should develop a purpose statement and a vision statement as well as articulate Company's values, so the entire organisation understands the Company's strategic direction.
2. The Board should adopt a Code of Conduct for Board members, executive management and Company employees, with clear provisions aimed at preventing and sanctioning fraud and bribery. The Board should not permit any waiver of any ethics requirement by any director, executive manager or employee.
3. The Board should ensure that the Code of Conduct policies are integrated into Company's practices and incorporated into the onboarding process for new hires. The Board should ensure the efficient implementation and monitoring of compliance with the Code of Conduct and periodically review it.

Appendix A. Criteria for Independent Directors

Analysis of the criteria in this Annex should be understood only as an initial assessment of independence. Nomination and Remuneration Committees should assess independence on a case-by-case basis when considering candidates. They should take account of factors such as past experience, their character and their personal values as well as formal criteria.

In addition to satisfying the criteria set out in legislation and applicable regulations, Independent Directors should meet the additional criteria presented in the table below:

Independence criteria of the Companies Law	Independence criteria of the present Code, where the requirements complementing the law are <u>underlined</u> and marked in red
a) not to be executive manager of the company or of a company controlled by it and not have been in such position in the previous (5) five years.	a) not to be an executive manager of the Company or of a company <u>controlled</u> ⁶ by it and not have been in such position in the previous (5) five years.
b) not to be an employee of the company or of a company controlled by it or not have been in such position in the previous five (5) years.	b) not to be an employee of the Company or of a company controlled by it or not have been in such position in the previous five (5) years.
c) not to receive or have received from the company or from a company controlled by it additional remuneration or other advantages, apart from those corresponding to the quality of non-executive director.	c) not to receive or have received from the Company or from a company controlled by it additional remuneration or other advantages, apart from those corresponding to the quality of non-executive director.
d) not to be a significant shareholder of the company.	d) not to be a significant shareholder of the Company <u>or to represent or have represented in any way a significant shareholder of the Company during the previous year. Same will apply for a controlling shareholder of the significant shareholder of the Company.</u>
e) not to have or have had in the previous year business relations with the company or with a company controlled by it, either directly or as a partner, shareholder, director, executive manager or employee of a company having such relations with the company, if, by their substantial character, they are likely to affect his/her objectivity.	e) not to have or have had in the previous year business relations with the company or with a company controlled by it, either directly or as a partner, shareholder, director, executive manager or employee of a company having such relations with the company, if, by their substantial character, they are likely to affect his/her objectivity.
f) not to be or have been in the last 3 years a financial auditor or employee associate of the current financial auditor of the company or of a company	f) not to be or have been in the last three (3) years, <u>partner or employee</u> of the current or <u>former external</u> auditor of the Company or a company controlled by it.

⁶ For the purposes of this Appendix, the term "controlled" is understood as "controlled undertaking" according to Law 24/2017, Article 2, par (1):

"controlled undertaking – means any legal person:

a) in which a natural person or legal entity has a majority of the voting rights; or

b) of which a natural person or legal entity has the right to appoint or remove a majority of the members of the administrative, management or supervisory body and is at the same time a shareholder in, or an associate of, the undertaking in question; or

c) of which a natural person or legal entity is a shareholder or associate and alone controls a majority of the shareholders" or associates" voting rights, respectively, pursuant to an agreement entered into with other shareholders or associates of the undertaking in question; or

d) over which a natural person or legal entity has the power to exercise, or actually exercises, dominant influence or control;"

controlled by it.	
g) to be executive manager in another company in which an executive manager of the company is a non-executive director.	g) <u>not</u> to be executive manager in another company in which an executive manager of the Company is a non-executive director.
h) not to have been a non-executive director of the company for more than 3 mandates.	h) not to have been a non-executive director of the Company for more than 3 <u>mandates⁷, but in no circumstances more than 12 years.</u>
i) not to have family relations with a person in one of the situations referred to in letters a) and d).	i ¹) not to have family relations with a person in one of the situations referred to in letters a) and d), <u>and</u> i ²) <u>not to have family relations with a person who:</u> <ul style="list-style-type: none"> • <u>is or has been in the last five (5) years non-executive Board director or employee of the Company.</u> • <u>has or has had within the last year a significant business relationship with the Company, either directly or as a partner, shareholder, director or employee of an entity having such a relationship.</u> • <u>is or has been in the last three (3) years external auditor (or employee of the external auditor) of the Company.</u> • <u>is member of executive management in a company where the Company's executives serve as board directors.</u>

For purposes of this Appendix, “significant shareholder” is the shareholder (or group of shareholders) which controls more than 10% of the voting rights of the Company⁸.

The Nomination and Remuneration Committees may still consider a candidate as independent even when the candidate director does not meet one or more of the criteria provided above (except the criteria provided by law), but, in such case, the Nomination and Remuneration Committee and the Board should explain their rationale for their decision. Similarly, the Nomination and Remuneration Committee may consider a candidate to be non-independent even when he or she would formally meet the independence criteria for Board members provided above (except the criteria provided by law), but not in fact. In such cases, the Nomination and Remuneration Committee and the Board should explain their rationale for their decision.

⁷ Representing mandates granted by the GMS.

⁸ As per Law 24/2017, art 2 par (1) point 2.

Appendix B. Interpretation for two tier board companies

To adapt a one-tier Board provision for a two-tier board company, governance practices need to be translated to fit the two distinct boards: the supervisory board is equivalent to the board (exclusively for exercising its oversight function) in a one-tier system, while the management board is equivalent to the executive management. Therefore, references to the Board should be understood as referring to the supervisory board in a two-tier context and references to non-executive Board members should be understood as referring to members of the supervisory board. References to executive management should be understood as referring to the management board.

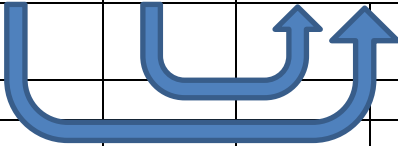
In addition, companies with two-tier board structure shall consider the following when complying with the Code:

- The Articles of Association, supervisory and management board's internal regulation shall clearly delineate the roles and competencies between the supervisory board and management board. The Articles of Association, supervisory board and management board's internal regulation should further state the categories of decisions and transactions which require the supervisory board's prior approval, and those on which the management board is required to consult the supervisory board before taking a decision.
- The requirements for independence stipulated in the Provisions under Principle A.2. shall apply to the supervisory board.

Appendix C. Comply or explain statement

The reporting framework comprises the Comply or Explain Statement (CES) for Companies with filling instructions as per below:

Comply or Explain Question	Yes	Partial	No	Explanation (text and url link if document is on website)
...



Companies have to reply Yes or No or Partial Compliance towards a Provision of the Code.

For situations of partial compliance or non-compliance, the Company is expected to explain why this is the case:

- for partial compliance, to explain what are the reasons that made the Company believes it partially complies and what are the measures to be taken to fully comply;
- for non-compliance to explain why the Company does not comply and what are the remediation measures to be taken in order to fully comply.

The explanations can consist of text and url links, if referenced documents are available on the Company's website.

A 'Non-compliance' with an explanation of 'Not applicable' is permissible under the Code only in cases where the specific circumstances described in the Provisions have genuinely not occurred, making the Provisions inapplicable.

The Excel file comprising the standardised template for the “Comply or Explain Statement” is presented attached to the Code.



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