

## BOARD OF NOMINEES

The Board of Nominees is established, organised, has the attributions and operates in compliance with the legal provisions in force, as well as of the **Constitutive Act** of Fondul Proprietatea S.A. (the “Company”) approved in the General Meeting of Shareholders.

The Company is managed by an alternative investment fund manager, which also holds the position as Sole Director, under the supervision of a Board of Nominees, which is comprised of 5 members (“**The Board / BoN**”).

Each independent member should submit a statement that he/she is independent at the date of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment in practice and according to the following criteria:

- a) not to be the CEO/executive officer of the Company and/or of the Fund Manager or of a company controlled by any of them and not have been in such position for the previous five years;
- b) not to be an employee of the Company and/or of the Fund Manager or of a company controlled by any of them and not have been in such position for the previous five (5) years;
- c) not to receive and have not received additional remuneration or other advantages from the Company and/or the Fund Manager or from a company controlled by any of them, apart from those corresponding to the quality of non-executive member of the Board;
- d) not to be or have not been an employee of, or have not or had not any contractual relationship, during the previous year, with a significant shareholder of the Company, controlling more than 10% of voting rights or with a company controlled by it;
- e) not to have and not have had during the previous year a business or professional relationship with the Company and/or the Fund Manager or with a company controlled by any of them, either directly or as a customer, partner, shareholder, member of the Board/Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;
- f) not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the Company or a company controlled by it;
- g) not to be a CEO/executive officer in another company where another CEO/executive officer of the Company is a non-executive director, not hold cross-directorships or have significant links with the Company and/or the Fund Manager and/or with other members of the Board through involvement in other companies or bodies;
- h) not to have been a member of Board of Nominees of the Company for more than twelve years;
- i) not to have family ties with a person in the situations referred to at points a) and d) above.

Each Board member should disclose to the shareholders and potential investors, before his/ her appointment, and in the course of his/ her mandate, other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions.

Each Board member should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights.

This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.

The members of the Board of Nominees may be shareholders of Fondul Proprietatea or other persons designated by the shareholders and they must have the proper experience and knowledge in order to be able to receive the Fund Manager reports and those of the consultants and, based on the information received, judge the merits of the management of Fondul Proprietatea within the limits of the objectives and principles set by the investment policy, as well as by the applicable laws and regulations. Also, the members of the Board of Nominees have to be qualified properly in order to decide (if there is need with the support of an independent consultant) if the transactions proposed by the Fund Manager needing the approval of the Board of Nominees are made to the advantage of the shareholders.

The independent consultants shall be selected in keeping with the principles of fair competition, transparency, non-discrimination, equal treatment and confidentiality, and the expenses incurred in relation to their payment shall be borne from the budget of the Company.

The Board of Nominees shall elect a Chairperson from among its members.

The meetings of the Board of Nominees shall take place at least on a quarterly basis; however, such meetings may be convened whenever necessary. The Chairperson, any of its members or the Fund Manager shall convene the Board of Nominees. The Board of Nominees shall meet within maximum seven (7) days as of its convening.

The Chairperson of the Board of Nominees or, in his/her absence, a member of the Board of Nominees designated by the vote of the other members for the purposes of presiding over the meeting, shall ensure the proper proceeding of the meetings. The meetings of the Board of Nominees shall be held at Fondul Proprietatea's headquarters or in other location set out by mutual agreement by the members of the Board of Nominees and the Sole Director of Fondul Proprietatea SA., or by means of electronic communications (e.g. telephone, videoconference).

The Board of Nominees shall adopt valid decisions in the presence of the absolute majority of its members.

The members of the Board of Nominees may be represented within the meetings of the Board of Nominees only by other members of the Board of Nominees based on a special written power of attorney, submitted in original, at the opening of the meeting. A member of the Board of Nominees may represent only one absent member. The power of attorney shall be attached to the minutes.

If the absolute majority condition cannot be fulfilled to have the quorum for adopting a decision, the Chairperson of the Board of Nominees shall give notice for a second meeting of the Board of Nominees, having the same agenda as the first, in order to discuss this agenda. If the absolute majority condition cannot be fulfilled to have the quorum for adopting a decision for three consecutive times, the Chairperson of the Board of Nominees shall ask the Fund Manager to convoke the general meeting of shareholders in order to properly decide on the respective decisions; in case that Fund Manager does not convoke it, any of the members of the Board of Nominees will be in its right to convoke the general meeting, taking into account the urgent nature of the decision.

In case of vacancy of the seat of one or more members of the Board of Nominees, the general meeting of shareholders shall immediately be convoked for the appointment of new members.

Until the decision of the general meeting, the other members of the Board of Nominees may nominate members ad interim to fulfil the vacant positions. The decision of the Board of Nominees on nominating members ad interim will be communicated to the Fund Manager, the auditor and will be filed with the Trade Registry.

During the meetings of the Board of Nominees of the Company, the members may participate to such meetings in person, by representatives or by correspondence. The meetings of the Board of Nominees may also be held over the telephone or by videoconference or by other communication means, which enable all persons participating to the meeting to hear one another, and the participation to such a meeting shall be deemed as a personal participation for the purposes of fulfilling the quorum and voting requirements.

Any member of the Board may vote by correspondence for any issue subject to approval.

Considering the establishment of the right to vote by correspondence, a right which may be exercised by any of the members of the Board, the statutory quorum, which must be fulfilled for the proper conduct of the meetings, is calculated by including the votes deemed as being validly delivered by correspondence.

The Board of Nominees has the following duties and functions:

- (1) Following the information received from the Fund Manager with regard to the convening of the ordinary and/or extraordinary general meeting of the shareholders requests, if it deems necessary, the insertion of supplementary matters in the text of the calling notice of the general meeting of shareholders;
- (2) Receives from the Fund Manager the information in connection with the answers to the written requests submitted before the date of the general meeting of the shareholders, by the shareholders on topics regarding Fondul Proprietatea's activity; to the extent it deems necessary, asks the Alternative Investment Fund Manager to provide further clarifications to ensure such written requests are appropriately answered;
- (3) Receives from the Fund Manager the annual financial statements, the annual activity report presented by the Fund Manager and the financial auditors' report, before being made available to the shareholders and formulates an opinion to be presented to both the Fund Manager and the general meeting of shareholders;
- (4) Receives from the Fund Manager for analysis the annual report on the management and the business policy of Fondul Proprietatea and presents an opinion to the Fund Manager and to the general meeting of the shareholders regarding such;
- (5) Receives from the Fund Manager for analysis the yearly income and expenditure budget and business plan before it is submitted to the approval of the general meeting of shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders regarding such;
- (6) Reviews the format and planned content of the strategy prepared by the Alternative Investment Fund Manager and approves the final strategy in accordance with the Fondul Proprietatea's investment policy, as well as in accordance with the applicable legal provisions, capital markets rules and regulations, before submission of such strategy for approval to the general meeting of the shareholders;
- (7) Receives from the Fund Manager for analysis, reviews and approves the framework for carrying out Fondul Proprietatea's operations, as well as any other Fondul Proprietatea's regulations issued by the Fund Manager according to legal provisions in force, capital market rules and regulations;

- (8) Receives from the Fund Manager for analysis the proposal to the ordinary general meeting of the shareholders for the execution of the financial audit agreement and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (9) Reviews on a regular basis the investment policy of Fondul Proprietatea and presents an opinion to the general meeting of the shareholders as any time it deems necessary, but in any case, at least once a year to the annual general meeting;
- (10) Receives the report of the internal auditor and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (11) Monitors the following, based on information and reports received from the Fund Manager:
- the list of all portfolio investments and percentage breakdown by each investment type;
  - a list of major transactions occurring in Company's portfolio for the period under review;
  - the total profit of the portfolio and comparison of profit with the appropriate market benchmark;
  - comparison of the obtained profit with the initial objective;
  - the extent of compliance with the investment policy, including, specifically, the degree to which any performance objectives set out therein are achieved, as well as any variations and actions taken to achieve such objectives and improve investment results;
  - the performance evaluation report.
- (12) The Board of Nominees shall draft and present to the general meeting of the shareholders an annual report regarding the monitoring activity performed or a monitoring report for another period agreed by the general meeting of shareholders;
- (13) The Board of Nominees will have a meeting to discuss the Discount Control Mechanism strategy if the discount stays above 15% for more than half of the trading days in any financial quarter of Fondul Proprietatea.
- (14) In addition, if the discount stays wider than 15% for more than half of the trading days in any two successive financial quarters of Fondul Proprietatea, the Board of Nominees will agree with the Fund Manager the specific Discount Control Mechanism measures which are in line with the IPS, in order to have them on the agenda of a future General Meeting of Shareholders (which would be held no later than the end of the next quarter), unless such actions are already pending and soon to be implemented based on shareholder approvals obtained during the relevant preceding two quarter periods.
- (15) The BoN receives from the Fund Manager the report on activities and performance in the relevant period (the "**Performance Report**") and prepares and submits for the information of shareholders at the April GSM a review of the Performance Report, evaluating the performance of the Fund Manager, as well as any other factors that it considers to be relevant for the decision of the April GSM regarding the continuation or termination of the Management Agreement and the Fund Manager's mandate.
- (16) Represents the general meeting of the shareholders in relation with the Alternative Investment Fund Manager from the communication point of view between the two corporate bodies, except for the cases expressly regulated by the constitutive act as a direct communication between the general meeting and the Fund Manager;
- (17) Verifies the report of the Fund Manager and the exercise of the permanent monitoring over the management of Fondul Proprietatea by the Fund Manager, and verifies if the operations carried on by the Fund Manager are in compliance with the applicable law, the constitutive act and/or with any relevant decision of the general meeting of the shareholders;
- (18) Under the special conditions mentioned in the Fund's Constitutive Act calls upon the general meeting of the shareholders;
- (19) Participates to the general shareholders' meetings and presents in this meeting reports in all cases provided by the Fund's Constitutive act or with regard to any issue it deems to be relevant for the shareholders;

(20) Proposes to the general meeting of shareholders the prior approval or rejection of the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables

(21) Recommends to the General Meeting of the Shareholders the termination of the management agreement in case the Board of Nominees considers it to the benefit of the shareholders.

(22) Recommends to the general meeting of the shareholders on any other issues the Board of Nominees is considered relevant to the shareholders.

(23) Following the proposal of Fund Manager, recommends to the Extraordinary General Meeting of the Shareholders the appointment of the public offer intermediary, as well as on its remuneration, when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea.

(24) Approves the delegation by the Fund Manager of certain activities. The delegation shall be effective in accordance with the legal provisions in force.

(Monitors the Fund Manager's performance of the Management Agreement.

The members of the Board of Nominees have a duty of diligence and loyalty towards the shareholders of the Company.

The members of the Board of Nominees are liable towards the General Meeting of Shareholders of the Company, according to the mandate regulations. The decisions of the members of the Board of Nominees shall be made upon a diligent report on the relevant existing circumstances at the time the respective decisions were made.

The members of the Board of Nominees shall not disclose confidential information and trade secrets pertaining to the Company to which they have access. Such obligation shall be incumbent upon them after the ceasing of their mandate.

The confidentiality obligation also applies to inside information, as defined by the applicable legislation in force, regarding the Company or its activities, investments or participations, of a precise nature, which was not made public and which if disclosed, would significantly influence the price or value of any security (concretely, not only the price of the Company's shares, but also other securities to which the information refers – for instance shares of the companies included in the Company's portfolio in which it made investments or in which it intends to make an investment, its competition, etc. - as well as transactions with instruments derived from such securities).

If a member of the Board of Nominees has in a certain operation, directly or indirectly, interest contrary to the interest of the Company, it must notify the other members and the internal auditors in such regard and must not take part in any deliberation regarding such operation.

The same is incumbent upon a member of the Board of Nominees if, in a certain operation, it is aware that its spouse, relatives, children or related persons by the 4<sup>th</sup> degree inclusive have an interest.

It is prohibited for the Company to credit the members of the Board of Nominees, by means of certain operations, such as:

- a) granting of loans;
- b) granting of financial benefits on or after the conclusion of goods delivery, service provision or works performance operations by the Company with such members;

c) direct or indirect securing, fully or partially, of any loans granted to the members of the Board of Nominees, concurrently or subsequently to the loan granting;

d) direct or indirect securing, fully or partially, of the performance of the members of any other personal obligations towards third parties;

e) the onerous acquirement or payment, fully or partially, of a debt which has as object a loan granted by a third party to the members of the Board of Nominees or of another personal service rendition.

The provisions above are also applicable in regard to the operations in which the spouse, relatives, children or related persons by the 4<sup>th</sup> degree inclusive of the members of the Board of Nominees are interested; furthermore, if the operation refers to a civil or trade company in which one of the previously mentioned persons is an administrator or owns, individually or jointly with one of the abovementioned persons, a share of at least 20% of the value of the subscribed share capital.

The Board of Nominees shall decide on any request made by the Fund Manager in due time so as to allow the Fund Manager to fulfil its duties.

The members of the Board of Nominees shall fulfil cumulatively the minimum requirements regarding professional integrity, qualification and experience provided by the law and other special regulations; their identity is that recorded in the National Trade Registry Office, based on the decision of the General Meeting of Shareholders regarding their election.

## **THE AUDIT AND VALUATION COMMITTEE**

The Audit and Valuation Committee is a permanent committee, being independent from the Sole Administrator of Fondul Proprietatea and the Board of Nominees, providing defined oversight responsibilities in an advisory (consultative) capacity.

The main remit of the Audit and Valuation Committee is:

(1) to periodically receive and review information regarding changes in audit regulation, market trading rules and valuation of the Fund Portfolio with the Sole Administrator and Board of Nominees;

(2) to prepare an annual report on its activities within the year;

(3) to provide assistance to the Sole Administrator in fulfilling its responsibilities for financial reporting, internal control and risk management;

(4) to examine the efficiency of financial reporting, internal control system and risk management processes on a periodic basis and to explain how the statutory audit contributed to the integrity of financial reporting and what role the Audit and valuation Committee played in the process;

(5) to perform 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 and internal control reports to the audit and valuation committee of the Board,

management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.

(6) to ensure that the audit analysis performed and the audit reports produced as a result thereof, comply with the audit plan approved by the Sole Administrator or the Audit and Valuation Committee;

(7) to support the Sole Administrator and the Board of Nominees in monitoring the credibility and integrity of:

i. financial information reported by the Company, by reviewing the relevance and consistency of the accounting standards applied by it (including the requirements on consolidation) and

ii. the valuations of unlisted and listed portfolio companies performed by external third party advisers, including the valuation methodology used for each valuation;

(8) to monitor the application of statutory and generally accepted standards of internal auditing. Thus, the Audit and Valuation Committee should receive and evaluate the reports of the internal audit team;

(9) to review conflicts of interests in transactions of the Company and its subsidiaries with related parties;

(10) to be informed of the financial auditor's scope of work and to receive a report describing all the existing relations between the latter, on one hand, and the Company and the group he's/she's a member in on the other hand. To this end, the Audit and Valuation Committee assesses and monitors the independence of the financial auditor in accordance with the national and European legal provisions in force, and, in particular, the opportunity to provide the Fund, as audited entity, with non – audited services

(11) to monitor the financial auditor's independence and objectivity, especially by monitoring the rotation of the audit partners within the Audit company;

(12) to scrutinize Management's recommendations regarding the selection, appointment, reappointment and replacement of the financial auditor, as well as the terms and conditions of audit compensation (remuneration). Thus, the Audit and Valuation Committee is responsible for the selection procedure of the financial auditor or audit firm and recommends to the members of the Board of Nominees and to the general shareholders meeting the financial auditor or audit firm(s) to be appointed in accordance with the legal provisions in force.

In fulfilling its duties, the Committee adopts proposals and recommendations and then submits them for approval to the Sole Administrator of Fondul Proprietatea and to the Board of Nominees.

Whenever the duties of the Audit and Valuation Committee refer to reports and / or analyses performed as a result of its activity, these should be followed by cyclical (at least on an annual basis), or ad-hoc reports to be submitted to the Board of Nominees afterwards.

The materials that are subject to analysis, debate and deliberation by the Sole Administrator of Fondul Proprietatea and by the Board of Nominees are submitted to the Committee through the departments of the Fund Manager whenever the members of the Committee request them.

The Audit and Valuation Committee consists only of members of the Board of Nominees, and should be composed of at least three members. The majority of the members of the Audit and Valuation Committee should be independent.

The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the committee should have proven to have relevant expertise concerning the application of the accounting principles or concerning the financial statutory audit, proved through supporting qualification documents in such fields.

The Audit and Valuation Committee must have the qualifications required by law in the area in which the Fund, as the audited entity, operates.

The Chairman of the Audit and Valuation Committee should be an independent non-executive member, being appointed by the members of the Audit and Valuation Committee or by the Board of Nominees.

The Audit and Valuation Committee will meet whenever it is necessary, but at least twice a year, when annual results (report) is drawn up, and the Committee needs to ensure the dissemination of this information to shareholders and to the public.

The Audit and Valuation Committee will assist the Sole Administrator of Fondul Proprietatea and the Board of Nominees in fulfilling its duties.

## **THE NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee shall be a permanent committee and it shall carry out its activity in a permanent manner, it shall be independent from the sole administrator of Fondul Proprietatea SA and from the Board of Nominees, having a Consultative function.

The responsibilities of the Nomination and Remuneration Committee shall be the following:

- a) Shall draft an annual activity report for the evaluation of its activity,
- b) Shall analyse the reasons for which the changing of the sole administrator is required, if necessary, and shall enfold the process for the designation of a temporary sole administrator, if the sole administrator is removed from his position.
- c) Shall elaborate a remuneration policy for the administrators and managers,
- d) Shall present to the Board of Nominees an analysis regarding the implementation of the investment management agreement, and also proposals regarding the remuneration of the members of the Board of Nominees making sure that these proposals are in accordance with the remuneration policy adopted by Fondul Proprietatea SA;
- e) shall lead the process for Board appointments and make recommendations to the Board.

For the fulfilment of its responsibilities, the Committee shall adopt proposals and recommendations and submits them to the implementation by the sole administrator of Fondul Proprietatea SA and to the Board of Nominees.

The Committee will have the obligation to present reports to the Board of Nominees periodically or on the terms established by the Board of Nominees.

The materials subjected to the analysis, debate and deliberation of the sole administrator of Fondul Proprietatea SA and of the Board of Nominees are forwarded to it by the departments within the Fund Manager upon the request of the members of the committee.



The Nomination and Remuneration Committee consists of 3 non-executive members. The majority of the members of the Nomination and Remuneration Committee should be independent.

The Nomination and Remuneration Committee shall assist the sole administrator in fulfilling its responsibilities

The remuneration of the two Consultative Committees shall be established by the Ordinary General Shareholders' Meeting of Fondul Proprietatea S.A.

Until the date when the remuneration of the members of the Consultative Committees is approved, they shall not benefit of an additional remuneration.