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INFAMOUS BLACK LIST OF COMPANIES EXEMPTED FROM CORPORATE GOVERNANCE MAKES A COMEBACK IN PARLIAMENT

Bucharest, 24 September 2018 – Fondul Proprietatea expresses significant concerns about a new legal draft, currently discussed in the Committees of the Chamber of Deputies, which proposes the exemption of 100 major state-owned companies (SOEs) from the enforcement of corporate governance legislation currently in force. Some of the most valuable Romanian SOEs, operating in vital sectors, are targeted, including: Hidroelectrica, Nuclearelectrica, Bucharest Airports, Romgaz, Salrom, Constanta Maritime Ports SA, Transelectrica and CE Oltenia.

Fondul Proprietatea is appalled that the amendments are largely the same as those declared unconstitutional by the Constitutional Court in February 2018. The plenum of the Chamber of Deputies may vote on the issue this week.

If adopted in its current form, the exemption of 100 state-owned companies from corporate governance would represent a major step back in terms of economic credibility. It would have an extremely costly impact on Romanian SOEs, risking to transform them in mere black holes, due to the following factors:

- Total lack of transparency of SOEs and lack of accountability of their management;
- Unimaginable levels of arbitrariness, incompetence and derision in appointing SOEs management, leading to their complete political subordination;
- Lack of control and public scrutiny over expenditures of SOEs, making them soft targets of corrupt politicians.

Commenting on the particularly severe implications of this proposal, Johan Meyer, CEO of Franklin Templeton Investments Limited and Portfolio Manager of Fondul Proprietatea said: *"State-owned companies are owned by all Romanians who are perfectly entitled to have access to information on their situation and evolution. If corporate governance exemptions are adopted for so many state-owned companies, there will no longer be any obligation for them to periodically report any financial or operational information. We will most likely enter an era of total darkness in which we will no longer know anything about the performance of the SOEs, apart from learning a year or two down the road that some of the most successful Romanian companies, will then be on the verge of insolvency and we would be left wondering what happened in the meantime. This would be similar to letting Ali Baba's 40 thieves into a bank vault, switching off the lights and the alarm system and then pretending to be surprised at the outcome. I am amazed that such a detrimental action would even be considered in view of Romania's objective of becoming an Emerging Market country."*

Fondul Proprietatea is extremely disappointed to see yet another attempt designed to curtail this critical legislation, part of a series of repetitive attacks that took place over the last 2 years. Meanwhile, in other emerging and developed markets, corporate governance is no longer a novelty, but rather represents the norm.

In this context, Fondul Proprietatea urges the Parliament to carefully consider the major negative impact of these exemptions and decide against adopting this infamous black-list of companies excepted from corporate governance. In the past, consequences of bad politically-connected management meant considerable losses for SOEs. Currently, these could be highly detrimental for a country that needs budget resources, wants to be an example in Europe in terms of competitiveness, and aspires to OECD standards and accession.

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Notes to Editors

1. About Fondul Proprietatea

Launched in December 2005, Fondul Proprietatea (“the Fund”) was established to compensate Romanians whose properties were confiscated by the former communist government. An international tender was announced in December 2008, and Franklin Templeton Investments officially took over as investment manager and sole administrator of the Fund on 29 September 2010. The Fund is an alternative investment fund and its investment objective is the maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The Fund listed on the Bucharest Stock Exchange on 25 January 2011 and on the Specialist Fund Market of the London Stock Exchange by means of global depository receipts (“GDRs”) on 29 April 2015.

The headquarters of Fondul Proprietatea SA are at 78-80 Buzesti Street, 7th Floor, Bucharest District 1, 011017, Romania. For more information on Fondul Proprietatea, please visit <http://www.fondulproprietatea.ro>.

2. About Franklin Templeton Investments

Franklin Resources, Inc. [NYSE:BEN] is a [global investment management](#) organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management to retail, institutional and sovereign wealth clients in over 180 countries. Through specialized teams, the Company has expertise across all asset classes—including equity, fixed income, alternative and custom solutions. The Company’s more than 600 investment professionals are supported by its integrated, worldwide team of risk management professionals and global trading desk network. With offices in 35 countries, the California-based company has more than 65 years of investment experience and over \$722 billion in assets under management as of 31 August 2018. For more information, please visit www.franklintempleton.co.uk.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 32 employees, including 6 locally based investment professionals who are further supported by the over 40 portfolio managers and analysts of the wider Templeton Emerging Markets team.

Starting with 1 April 2016, in view of complying with the EU Directive 2011/61 on alternative investment fund managers, the Fund is managed by Franklin Templeton Investment Services S.À R.L. (“FTIS”), a société à responsabilité limitée qualifying as an alternative

investment fund manager under Article 5 of the Luxembourg Law of 12 July 2013 on alternative investment fund managers, authorized by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at

8A rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 36.979, registered with the Romanian Financial Supervisory Authority ("FSA") under number PJM07.1AFIASMDLUX0037/10 March 2016.

This release herein is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission. FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.

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