

FROM: Fondul Proprietatea
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European Bank for Reconstruction and Development
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FONDUL PROPRIETATEA AND EBRD HOLD CORPORATE GOVERNANCE CONFERENCE

Bucharest, 28 October 2014 – Franklin Templeton Investment Management Limited UK Bucharest Branch, in its capacity of Sole Director and Fund Manager of S.C. Fondul Proprietatea S.A. (“the Fund”) and the European Bank for Reconstruction and Development (EBRD) held on 28 October in Bucharest, a joint conference to discuss best practices and challenges in corporate governance for Romanian companies.

In his keynote speech, Greg Konieczny, Fund Manager of Fondul Proprietatea, commented: “As one of its foremost top priorities, Fondul Proprietatea has been tirelessly promoting improvement of corporate governance standards in all its portfolio companies, including state controlled enterprises, for over three years. Key principles of corporate governance such as accountability, impartiality, responsibility, independence and integrity of top executive management and non-executive directors contribute to a clear separation of roles and responsibilities, resulting in increased profitability and competitiveness of state-owned enterprises, for the long-term benefit of all shareholders, including the Romanian state.”

Commenting on recent developments, Greg Konieczny added: “We welcome the establishment of the Interministerial Commission for monitoring the implementation of OUG 109/2011, which is meant to supervise at the government level, the implementation of corporate governance standards in SOEs and hope that it will become operational soon. In addition, we have observed more visible progress in implementation of OUG 109/2011 and financial performance in the listed companies than in unlisted ones. We hope to see more IPOs of state controlled companies in near future that should greatly support the Romanian economy and the state budget.”

Gian Piero Cigna, Senior Counsel for Corporate Governance at the EBRD, said: “For a transition economy like Romania, strong corporate governance in companies enhances the confidence of domestic and foreign investors. With a mandate to advance countries’ transition to open market economies, promoting corporate governance in its investments is crucial for the EBRD. As an investor the Bank enhances corporate governance in companies through equity investments, loans and corporate reorganization. It also acts as a law reformer by providing assistance to countries where it invests to help improve legal environment and foster legal reform.”

Most recently, the EBRD helped gas producer Romgaz and electricity distributor Electrica to draw up corporate governance action plans in the run up to their respective IPOs. Both companies' commitment to adopting high standards of corporate governance, internal control systems and environmental management practices proved to boost investor confidence.

Drs. Peter Jansen MBA, Board member of Romgaz and Senior Lecturer at the London School of Business and Finance, added: "Corporate governance tries to ensure that all stakeholders' interests are represented by creating transparency and accountability. Non-executive directors are the driving force behind corporate governance, as they scrutinize executive management and hold them accountable."

Other speakers included:

- Wietse Nijenhuis, Equity Strategist, HSBC Bank, presented corporate governance practices in emerging Europe and how they evolved over time;
- Aurelian Dochia, Consultant, debated whether Government Ordinance 109/2011 on Corporate Governance to be considered a success or failure;
- Sorana Baciuc, Managing Partner, ACGENIO, spoke about the role of women in Boards;
- Andrzej Kozłowski, Executive Director, Strategy and Project Management, PKN Orlen, presented the corporate governance structure applied at PKN, interaction with the Polish government and strategy, stability of the boards and remuneration structures for incentivizing the management.

Incentivizing management through share options, as a variable component of their remuneration, publication of quarterly financial reports on the state-owned companies' websites, or challenging in court decisions taken against the interest of companies are examples of specific steps pointed out during the event for the improvement of corporate governance practices in Romania.

This successful event brought together representatives of major companies and institutions such as: Petrom, Nuclearelectrica, Romgaz, CE Oltenia, Posta Romana, Salrom, Electrica SA, Hidroelectrica, CN Aeroporturi Bucuresti SA, CN Administratia Porturilor Maritime, CN Administratia Porturilor Dunarii Maritime CN Administratia Porturilor Dunarii Fluviale, CN Administratia Canalelor Navigabile, Oil Terminal and SN Plafar.

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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 a closed-end investment company with the investment objective of long-term capital appreciation via investment primarily in Romanian equity securities.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 28 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.

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Franklin Bissett, Fiduciary Trust, Darby, Balanced Equity Management and K2 investment teams. The San Mateo, CA-based company has more than 65 years of investment experience and over \$898 billion in assets under management as of September 30, 2014. For more information, please visit www.franklintempleton.co.uk.

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The European Bank for Reconstruction and Development (EBRD)

The European Bank for Reconstruction and Development (EBRD), owned by 64 countries and two intergovernmental institutions, is supporting the development of market economies and democracies.

The EBRD is the largest institutional investor in Romania. To date, the Bank has invested over €6.8 billion across 364 projects in the country. It has also mobilised over €14 billion for these ventures from other sources of financing.