



S.N.G.N. ROMGAZ S.A. BOARD OF DIRECTORS' TERMS OF REFERENCE



February 2019

ROMGAZ

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Preamble

The scope of this Terms of Reference is to regulate the statute of the directors and the functioning of the Board of Directors of SNGN ROMGAZ SA, within an organized and efficient framework.

Article 1 Definition of Terms/Expressions

Hereinafter, the terms and expressions below shall have the following meanings:

- a) **executive management** – manager/managers to whom the Board of Directors empowered the management of the company;
- b) **conflict of interest** - the situation when the personal or professional interests of the directors creates difficulties in taking the objective measures for the Company's or shareholders' interes and fulfilling the director's mandate;
- c) **compartment** - general term for department, direction, service, office or any other organizational structure;
- d) **manager** – the person who was empowered with SNGN ROMGAZ SA Management, by the Board of Directors and who signed a Mandate Contract with the Company. The term “manager” comprises the Director general also, but it does not comprise the executive manager/managers;
- e) **executive manager** – the person who was empowered by the Company's manager/managers to manage one or more organisational entities (branch, division, department, direction, service, office etc) and who signed a work contract with the Company;
- f) **legal provision/ regulation** – any rule provided by a normative act published in the Official Journal of Romania- Part I- a;
- g) **internal Regulation** – any rule provided by an act approved by a corporate management body of Romgaz;
- h) **operation** - legal or material operation undertaken by SNGN ROMGAZ SA or a third party, natural or legal person, that causes or may cause effects, including of patrimonial nature, on SNGN ROMGAZ SA;
- i) **legal operation** - conclusion, modification, enforcement and/abrogation of a legal act;
- j) **material operation** - action or labour process that is specific for the management, technical, economic, marketing sector and of any other nature as well, except those for the legal sector;
- k) **separate opinion** - an opinion expressed by a director who voted against a decision of the Board of Director and by which he/she motivates the vote against that resolution of the Board of Directors;
- l) **corporate management body** - General Meeting of Shareholders, Board of Directors or manager/managers of the Company;
- m) **the Company's website** - www.romgaz.ro
- n) **SNGN ROMGAZ SA or the Company**- Societate de Gaze Naturale ROMGAZ SA.

Article 2 Structure and Competence Matrix of the Board of Directors

- (1) SNGN ROMGAZ SA is managed in a one- tier system by the Board of Directors formed by 7 directors.
- (2) The directors are elected by the Ordinary General Meeting of Shareholders in accordance with the legal provisions applicable to public enterprises.

- (3) On proposal of the Nomination and Remuneration Committee, the Board of Directors shall approve the matrix of professional competencies of the members of the Board of Directors and the selection criteria of the candidates for the position of director that they shall use to select the directors and/or recommend to shareholders for selecting the directors.
- (4) Matrix of professional competence of the members of the Board of Directors and the selection criteria of the candidates appointed for appointment/election as directors shall be posted on the Company's website, by the support of the Secretary of the Board of Directors.

Article 3 Assessment of Directors' Independence and Statements

- (1) The criteria based on which the independence of the directors shall be assessed are those provided by the Corporate Governance Code of SNGN ROMGAZ SA (Corporate Governance Code).
- (2) The person appointed as director shall submit to the Secretary of the Board of Directors, within 5 days of the date of acceptance of director's mandate, a statement declaring his/hers status of independence or non-independence, indicating the elements based on which he/she is considered as independent/non-independent from the point a view of his/her character and judgments and criteria provided by the Corporate Governance Code.
- (3) Each director shall submit to the Secretary of the Board of Directors a new statement declaring his/her independence or non-independence, upon request of the Chairman of the Board or, as the case may be, ex officio, or as well as upon any change in his/her statute in relation to the content of the previous statement of independence/non-independence.
- (4) The date for submitting the statement provided in paragraph (3) is 10 days of the date of the Chairman's request or, as the case may be, of the date of any change in their statute as directors in relation to the content of the latest statement of independence/non-independence.
- (5) Within 5 days of the date of mandate's acceptance, each director shall submit to the Secretary of the Board of Directors, a statement confirming/infirming the existence of a legal relation with any shareholder directly or indirectly holding more than 5% of all voting rights of the General Meeting of Shareholders of SNGN ROMGAZ SA. Further, each director shall submit to the Secretary of the Board of Directors, upon the request of the Chairman of the Board or ex officio or any time is requested, a new statement on any legal relation with any shareholder directly or indirectly holding more than 5% of all voting rights, of the General Meeting of Shareholders of SNGN ROMGAZ SA, within 15 days from the date of starting such legal relation.
- (6) Within 30 days from the date of election and termination of the mandate, each director shall submit to the Secretary of the Board of Directors a wealth and interest statement prepared in accordance with the provisions of Law NO. 176/2010 on the integrity in exercising public positions. Moreover, until the termination of the mandate, each director shall annually update his/her wealth and interest statement by submitting a new wealth and interest statement by the June 15.
- (7) Wealth statements shall be prepared for the previous fiscal year, ended December 31, as regards income, and status on the date of statement, respectively, for the other chapters of the statement.

- (8) The Secretary shall submit all wealth and interest statements to the compartment in charge with receiving and publishing the wealth and interest statements, in accordance with the internal rules.
- (9) Annually, the Board of Directors shall assess the independence of each director, separately, and shall report to the OGMS.

Article 4 Records on Directors' Data and Information

- (1) The Secretary shall prepare a file for each Director including the following documents:
 - a) OGMS Resolution/Resolution on appointment and, as the case may be, reappointment or dismissal from his/her position as director (copy);
 - b) Decision for registering at the Commerce Register of the mention on his/her appointments as director (copy);
 - c) Mandate acceptance statement, under private signature;
 - d) Mandate acceptance statement, authenticated;
 - e) Independence/non-independence statements;
 - f) Statements as provided by Article 3, paragraph (5);
 - g) Directors' agreement and, as the case may be, the addendum to the directors' agreement;
 - h) File including contact data, such as: mail address, email address and telephone number;
 - i) Certified signature specimen.

Article 5 Directors' Rights and Obligations

- (1) Each director has, individually, the following rights related to his/her mandate exercising:
 - a) to request and obtain the inclusion of new items on the agenda in order to discuss them during the Board of Directors meetings;
 - b) to be correctly, completely and in due time informed on each item included on the agenda of the Board of Directors meetings;
 - c) to request and receive correct, useful and in due time information on the actions and operations which have been performed, are ongoing or are to be performed by the executive management;
 - d) to cast the vote during the Board of Directors meetings;
 - e) to request and obtain the registration of the separate opinions in the minutes of meeting;
 - f) other rights provided by the law, the Articles of Incorporation and the directors' agreement.
- (2) Each director has, individually, the following obligations related to his/her mandate exercising:
 - a) to comply with the highest standards of ethical and moral integrity;
 - b) to report to the Chairman, as soon as possible, any event that may negatively influence his/her reputation and credibility;
 - c) to allocate sufficient time to constantly and actively participate in the Board of Directors meetings;
 - d) to execute his/her mandate with good faith, loyalty and for the interest of the company without promoting his/her personal interests or third parties interests;
 - e) to keep the confidentiality of the data and information presented during the Board of Directors meetings and of discussions and Resolution of the Board as well, except when the law, the Articles of Incorporation, a Resolution of the GMS or of the Board of Directors gives him/her the right of disclosure;

- f) other obligations provided by the law, the Articles of Incorporation, General Meeting of Shareholders or Board of Directors' Resolutions and by the Directors' Agreement.

Article 6 Board of Directors Competencies

- (1) The Board of Directors shall carry out all acts requires and useful for achieving the Company's scope of business, except of those acts that are provided as responsibility of the General Meeting of Shareholders.
- (2) The Board of Directors shall delegate the company's management powers, entirely or partially, to one or more managers, appointing one of them Director General.
- (3) If the management powers are delegated to one or more managers of the Company, the Board of Directors shall regulate the manner of organizing their activity as well.
- (4) The delegation of management powers and, as the case may be, the regulation of the manner of organizing the managers' activity shall be made by resolution of the Board of Directors.
- (5) The Board of Directors has the following main competencies that cannot be delegated to managers:
 - a) to set the Company's core business and development directions;
 - b) to approve the Company Management Plan;
 - c) to set the accounting policies the financial control system and the financial planning;
 - d) to appoint and dismiss the executive directors, including the director general and to establish their remuneration;
 - e) to supervise the managers' activity;
 - f) to draft the annual report of the Board of Directors;
 - g) to organize the GMS and enforcement of their resolution;
 - h) to file for insolvency prevention and for insolvency of the Company;
 - i) to draft rules for its own activity, for the cativity of the GMS and of the advisory committees and of the management without contradicting the legal provisions or the Articles of Incorporation;
 - j) to establish or disolute the secondary offices (branches, agencies, branch offices or any other work point);
 - k) to grant projects bonds with values not exceeding, individually or cumulatively with other project bonds in progress, EUR 100 million, equivalent in RON;
 - l) to grant loans to companies where Romgaz is shareholder for a value not exceeding, individually or cumulatively with other loans alike in progress, EUR 50 million, equivalent in RON;
 - m) other competencies that cannot be delegated, according to the law.
- (6) The Chairman of the Board of Directors has the following competencies:
 - a) to chair the meetings of General Meetings of Shareholders;
 - b) to convene, set the agenda and chair the Board of Directors meetings;
 - c) to overlook the proper and complete information of the directors;
 - d) to coordinate the Board of Directors' activity;
 - e) to overlook the activity of the managing bodies;
 - f) to represent the Board of Directors in the relationship with the executive managers;
 - g) other competencies provided by the law or by the Board of Directors Resolutions.

Article 7 Convening of the Board of Directors' Meeting

- (1) Board of Directors' meetings may be convened by the Chairman, ex officio or upon a reasonable request of at least two directors or the Director General.
- (2) The proposals for the agenda of the Board of Directors meeting shall be made only by the Chairman, the other directors and Director General.
- (3) Except the case when, during the meetings, the item presentation has been requested by the Board of Directors, each proposal of item to be included on the agenda shall mandatory indicate the reasons for which such item will be interesting for the Board of Directors and, if the approval of such operation is requested, the agenda shall include the reasons for which is considered that such approval of operations is within the responsibility of the Board of Directors but not within another corporate management body of SNGN ROMGAZ SA.
- (4) The agenda of the Board of Directors meetings is set by the Chairman, based on his/her proposals, according to paragraph (2) and (3), and further a previous deliberation with the other directors and the Director General.
- (5) If the Board of Directors is convened upon the request of the directors or the Director General, the agenda shall be set by the authors of such request, further a deliberation with the Chairman, the other directors and, as the case may be, the Director General; The Chairman is obliged to respond to such a request.
- (6) The request for convening the Board of Directors' meeting prepared by the directors or the Director General shall be made in writing and addressed to the Chairman of the Board of Directors.
- (7) The Board's meetings may be convened within at least five days before the meeting date.
- (8) The Board's meetings usually are held by meeting in person of the directors, at the place, date and time established by the convening notice.
- (9) The Board's meetings can be also held by conference call or videoconference, as far as at least 5 directors shall participate in the meeting.
- (10) Under exceptional circumstances, justified by the emergency of the situation and by the Company's interest, the Board of Directors can make decisions by the unanimous vote of the board members expressed in writing, without observing the convening term and without effectively joining in a meeting. The vote can be sent also by electronic means, via e-mail. The Chairman of the Board shall decide if the emergency of the situation and the Company's interest require decisions to be made without joining in a meeting.
- (11) The Board of Directors can make decisions, joined in a meeting, concerning the problems which are not included on the Agenda proposed by the Convening Notice of the Meeting only under exceptional circumstances, justified by the emergency of the situation and the Company's interest. The Board of Directors shall decide if the emergency of the situation and the Company's interest suggest that the decisions should be adopted during that meeting.

- (12) The convening term provided in paragraph (7) may be reduced under the term of five days since the date proposed for the meeting, only in cases provided in paragraph (8) and, under different circumstances, through the consent of all the directors: upon the request of the Chairman when the meeting is convened ex-officio by the Chairman or upon the request of the directors or the Director General.

Article 8 Convening Notice of the Meeting

- (1) The Convening Notice of the Meeting contains, mandatorily:
- a) specific location of the meeting, indicating the address of the location;
 - b) date and time of the meeting;
 - c) agenda of the meeting;
 - d) manners in which the documents related to the items on the agenda are made available for the directors;
 - e) manners to exercise the voting right.
- (2) Under the circumstance provided in paragraph (5) the Convening Notice shall contain, mandatorily:
- a) time of the meeting;
 - b) the agenda of the meeting;
 - c) manners by which the documents related to the items on the agenda are submitted to/made available for the directors;
 - d) manners of communication between the directors during the meeting;
 - e) manners to exercise the voting right.

Article 9 Documents Related to Agenda Items

- (1) The documents related to the items on the agenda of the Board may include:
- a) Notes on performed operations, ongoing operations and/or operations which are to be performed, individually by SNGN ROMGAZ SA, or together with other persons acting as co-contractors;
 - b) Notes on performed operations, ongoing operations and/or which are to be performed for SNGN ROMGAZ SA by third parties;
 - c) Requests for approval of the proposal to perform certain operations by SNGN ROMGAZ SA, individually or together with other persons acting as co-contractors.
- (2) The term „operation” will be used for any human action, regardless of its nature, which produces effects upon SNGN ROMGAZ SA assets.
- (3) The documents provided in paragraph (1), letter a) and b) will be named as „note” or „activity report” and the documents provided at paragraph (1), letter c) will be named as „report”.
- (4) Each Note/Activity Report shall contain on a compulsory basis the following elements, at least:
- a) The scope of the Note/ Activity Report;
 - b) Description of performed operations, ongoing operations and/or operations which are to be performed;

- c) Conditions and terms under which the operations were, are or will be performed;
 - d) Effects, including effects relating to property, pursuant to performed and/or ongoing operations;
 - e) Future effects that are forecasted to be performed, including effects relating to property, in case of ongoing operations and/or operations which shall be performed;
 - f) Decision draft proposed for the Board's approval, formulated as „ The Board of Directors takes note...” or a similar formulation.
- (5) Each Report shall provide on a compulsory basis the following elements at least:
- a) Description of the operation/operations proposed for the Board's approval;
 - b) The reasons for which the operation is proposed to be performed, indicating the estimated effects to be obtained, mainly those related to property, as an effect of the operation performance;
 - c) identification and evaluation of the risks that could have a negative or positive impact on the operation/operations project effects, to the extent that this will be carried out;
 - d) the necessary measures for the risks provided at letter (c) management, including the conditions and terms under which the operation/operations are proposed to be performed;
 - e) Decision draft proposed for the Board's approval, formulated as „ The Board of Directors takes note...” or a similar formulation.
- (6) Any document that bears the title „Note” or Activity Report” which, regardless of the reason, will provide a proposal for approval of an operation/operations, will be considered a Report and will be treated likewise. In addition, any document bearing the title „Report” which will not provide a proposal for an operation/operations approval will be considered a Note and will be treated likewise.
- (7) Each Note/Activity Report presented to the Board of Directors shall have on a compulsory basis the following signatures at least:
- a) The signature of the person that prepared the note/activity report;
 - b) The signature of the Executive Manager directly subordinated to the CEO and has in his direct or indirect suborder the person that prepared the note/activity report;
 - c) The CEO signature.
- (8) At the request of the CEO the notes/activity reports could be signed by other persons too.
- (9) The signatory persons certify by signatures provided at paragraph (7), letter a) and b) and paragraph (8) that the data and information presented in the notes/activity reports that they sign is accurate, up to date, complete and relevant as related to the purpose for which they are presented to the Board of Directors.
- (10) By signing the note/activity report according to paragraph (7) letter c) the CEO approves the information of the Board of Directors in the form provided by the note/activity report.
- (11) Each report that will be presented to the Board of Directors will contain on a compulsory basis the following signatures at least:
- a) The signature of the person who prepared the report;
 - b) The CEO's signature.
- (12) Moreover, each report will be submitted for approval to:
- a) the executive manager directly subordinated to the CEO and who has under his direct or indirect subordination the person who drafted the note/activity report;

- b) Legal Manager;
- c) The person within SNGN ROMGAZ SA responsible with the internal audit of the operation project;
- d) The Chief Financial Officer (CFO).

(13) SNGN ROMGAZ SA person/persons responsible with the internal audit is the one designated by the CEO pursuant to the provisions of GO no. 119/1999 regarding internal control and internal audit and the applicable implementing rules.

(14) The person signing in accordance with paragraph (11) letter (a) certifies that the information provided in the report is accurate or, as the case may be, credible, up-to-date, complete and relevant concerning the purpose for which they are submitted to the Board of Directors.

- (15) By approving the reports pursuant to paragraph (12), the followings are certified in this order:
- a) The executive manager, directly subordinated to the CEO and who has under his direct or indirect subordination the person who drafted the note/activity report, certifies the accuracy, or, as the case may be, credibility, contemporaneity, completeness and relevance of the information provided in the report and that the operation/operations project requiring approval satisfies the regularity condition;
 - b) The Legal Manager certifies that the operation/operations project requiring approval satisfies the legality condition;
 - c) The person carrying out the internal audit certifies that the operation/operations project, requiring approval, satisfies the legality and regularity conditions and the condition of complying with the provisions of the income and expenditure budget;
 - d) The CFO certifies that the operations/operations project requiring approval ensures a good management of SNGN ROMGAZ SA patrimony and complies with the efficiency, economy and effectiveness principles.

(16) If the report has a draft contract attached, the latter must be approved by the persons provided under paragraph (12).

(17) The person refusing to give one of the approvals under paragraph (15), for the approval of a report and/or, as the case may be, of an attached contract, shall, as soon as possible, justify the refusal to give its approval in a refusal report so that it could be sent together with the report to the CEO and the members of the Board of Directors..

- (18) The refusal report shall comprise at least the following elements:
- a) The family name, first name and position of the person refusing the approval;
 - b) A description of the operations project/projects requiring approval;
 - c) The subject matter of the approval, identified according to paragraph (15)
 - d) The reasons behind the refusal;
 - e) The requirements that need to be fulfilled in order to obtain the approval.
 - f) The signature of the person refusing the approval.

(19) By signing the report, pursuant to paragraph (11), letter b), the CEO approves the request for approval of the operation/operations project addressed to the Board of Directors in the form presented in the report.

(20) After approving the notification of the Board of Directors, pursuant to paragraph (10) and/or the request addressed to the Board of Directors to approve an operation/operations project according to paragraph (19), each document shall be registered at the Company's Registration Office and then sent to the Secretary of the Board of Directors in order to be sent to the members of the Board of Directors.

(21) Documents in the form provided under paragraph (20) shall be sent to the Secretary of the Board of Directors in 1(one) original copy and 9 (nine) copies.

(22) Directors have the right to request and obtain additional information in connection with the documents relating to items on the agenda both before and during the meetings of the Board of Directors and, in the same time, to elaborate draft decisions to be submitted for approval to the Board of Directors relating to the items on the agenda of the Board of Directors meetings."

Article 10 Meetings of the Board of Directors

- (1) The Board of Director's meetings shall be chaired by the Chairman.
- (2) The Chairman of the Board shall open the meeting, can suspend the meeting, to the extent in which there are certain situations which impede the normal development of the meeting, call on or call back to the directors and the guests, submit every decision draft to the directors' vote and close the meeting.
- (3) The directors have the right to attend and participate in the meetings of the Board actively.
- (4) To the extent in which a director, regardless the reason, decides not to participate in a Board's meeting, he shall inform the Chairman, justifying his decision.
- (5) A decision is valid when the majority Board members participate in the meeting and the decision is made only with the majority of the valid votes cast.
- (6) When a director abstains from voting, it shall be deemed that the director waives his/her right to vote.
- (7) Votes may be cast directly or by representative.
- (8) Votes by representative may only be cast by means of another director and only based on a special mandate, except the case when the voting is cast in writing, by post or electronic correspondence.
- (9) A director has the right to cast a vote only for a single absent director.
- (10) The special mandate shall be deemed that mandate which includes voting instructions for one, or more or all the items on the agenda of a Board meeting.
- (11) The direct vote may be cast by post or electronic correspondence, as well, under the conditions set by the Convening Notice.

- (12) Each director has the right to cast a single vote, directly or by representative, when the Board of Directors makes a decision.
- (13) In the event of a tie, the vote of the Board Chairman is decisive.
- (14) The Board meetings shall be recorded by audio recording device, and the record shall be carefully filed by the Board's Secretary.

Article 11 Resolutions of the Board of Directors

- (1) The Board of Directors decides upon the items on the agenda, by resolutions.
- (2) By resolutions, the Board of Directors can:
 - a) establish/take into account/take note about the data and information regarding the performed and ongoing operations and/or the operations which shall be performed;
 - b) approve/not approve/delay to make decisions regarding the proposals to undertake certain operations;
 - c) order measures for the executive management, upon request or ex-officio, to undertake certain operations and/or to provide data and information.

Article 12 Board of Directors Minutes and Resolutions

- (1) A meeting minutes shall be drafted after each Board meeting, including the first and last name of the Directors participating in the meeting and the represented Directors, the agenda, the decisions made, the number of votes cast for each decision and their kind, the manner of voting and other different opinions, upon request.
- (2) The Minutes of the Meeting is signed by the Chairman of the Board and by the directors participating in the meeting.
- (3) Based on the Minutes of the Meeting a resolution of the Board of Directors shall be issued, including all the decisions taken during every meeting, in part.
- (4) According to the previous paragraph, the drafted resolution shall be signed by the Chairman of the Board.
- (5) For each Board meeting, a file shall be prepared, including: the convening notice, the documents presented in the meeting to sustain the items on the Agenda, the Minutes of the Meeting, the resolution adopted by the Board of Directors, and, as the case may be, the power of attorney for the vote by representative, the letters with the vote by correspondence and the copies of the electronic votes certified by the Board of Directors Secretary.

Article 13 Conflict of Interests

- (1) The director, who in a certain operation has, directly or indirectly, interests contrary to the interests of the Company, must inform the other directors and the internal audit and must not make any decision regarding this operation. The director has the same obligation if, in a certain

operation, he/she knows that his/her wife/husband, his/her relatives or other relative ties up including fourth degree relatives are interested.

- (2) The Audit Committee shall evaluate annually, based on the statements provided in Article 3, the Minutes of the Meetings, as well as any other relevant data and information, the existence/inexistence of the conflict of interest, related to each director, in part, and shall make a report for the Board of Directors.

Article 14 Advisory Committees

- (1) Within the Board of Directors, the following advisory committees are established:
 - a) The Nomination and Remuneration Committee
 - b) The Audit Committee
 - c) The Strategy Committee
- (2) The Organization and Operation Rules of the Advisory Committees are established within the Articles of Incorporation and the Rules of each committee, in part.

Article 15 Secretary of the Board of Directors

- (1) The Secretary of the Board of Directors is appointed by the Board's resolution, upon the Chairman's proposal.
- (2) The activity of the Secretary is coordinated by the Chairman of the Board.
- (3) The Secretary of the Board has the following responsibilities:
 - a) to ensure the flow of information between the Company and the advisory committees, on one hand, and the Board of Directors, on the other hand;
 - b) to monitor the compliance of the Board's activity with the internal regulations regarding the corporate governance;
 - c) to fulfil the required formalities for the development of the Board's meetings, including for participating in the meeting of the Board's directors;
 - d) to draft the Minutes of the Meeting and the Board's resolutions, with regard to the compliance with the legal provisions and the internal regulations;
 - e) to keep evidence of the Board's activities;
 - f) other responsibilities provided by the law, by the Articles of Incorporation and by other internal regulations.

Article 16 Activity Assessment of the Board of Directors and Advisory Committees

- (1) By the end of February of each calendar year, the Board of Director, with all the directors participating in the meeting, shall make a self-assessment of the performance and efficiency of the Board of Directors and the Advisory Committees, for the previous calendar year.
- (2) The assessment shall be coordinated by the Chairman who shall require the opinion of each director regarding the manner in which the activity of the Board and the advisory committees could be improved.

- (3) The assessment shall be performed at least every three years by an external consultant, selected and coordinated by the Board of Directors.

Article 17 Professional Training and Development of the Directors

- (1) The Chairman of the Board shall ensure the organization of periodical training courses for directors on important areas for the Company, as necessary.

Article 18 Final Provisions

- (1) This Terms of Reference shall enter into force after the approval of the Board and may be modified by the Board's resolution at any moment.
- (2) Any matter regarding the interpretation of the provisions of this Terms of Reference shall be presented and/or solved by the Board of Directors.
- (3) In case of conflict between this Terms of Reference and any legal provision, the latter shall prevail.

Approved by the Board of Directors Resolution no. 5 of March 23, 2017, amended by the Board of Directors Resolutions no. 3 of January 25, 2018 and no. 5 of February 5, 2019