

RULE

*of organization and acting
of the
Board of Directors*

CEPROCIM S.A.

Approved in the meeting of
Board of Directors
from 23.02.2016

President Board of Directors
eng. H.G. Predescu

January 2016

**Rule of organization and operation
of the Board of Directors**

Table of content

Cap. I	General data
Cap. II	Attribution and specific functions
Cap. III	Committee of Audit
Cap. IV	Operation of the Board of Directors
Cap. V	Attributions of the secretary
Cap. VI	Conflict of interests and other situations
Cap. VII	Final provisions
Annex 1	Planning of the problems subject to debates in ordinary meetings BD
Annex 2	Procedure regarding the cooperation with Authorized Consultant

January 2016

RULE

of organization and acting of the Board of Directors

Chapter I. General data

Art.1 The Board of Directors is composed of 5 members, natural persons appointed by General Meeting of company Shareholders.

Art.2 The period of mandate for the members of the Board of Directors is of 2-4 years in accordance with General Meeting of company Shareholders decision of appointing.

Chapter II. Attributions and functions

Art.3 The attributions of the Board of Directors are those provided in the Law no. 31/1990 – Law of commercial companies, Section III. About company administration (articles concerning to Unitary system of administration) and in other relevant articles.

Basis competences of the Board of Directors are:

- a) establishing of main direction of activity and of company development;
- b) establishing of accounting politics and of financial control system and also the application of financial planning;
- c) appointing and revoking if directors and establishing of their remuneration;
- d) surveillance of directors activity;
- e) preparing of yearly report, organization of general meetings of the shareholders (AGOA - Ordinary Meeting/AGEA - Extraordinary Meeting) and implementation of these decisions;
- f) introduction of request for opening the company insolvency;
- g) organization of intern audit;
- h) representation of company in report with company directors;
- i) registration at the trade register of the persons assignee to represent the company (together or separate);
- j) survey and coordinate the activity of Scientific Council of the company and for this purpose:
 - approve the Rule of organization and operation of this
 - approve the documents, plans, proposed programs and assumed by council
 - validate the appointment of chosen members
 - analyze the information and yearly report of the Scientific Council and take decisions depending on proposals and conclusions;

- k) appoint the Commission of Ethics of the company, approve the Rule of organization and operation of this, analyze the information and yearly report of this and take decisions depending on proposals and conclusions.

Art.4 The Board of Directors delegates the following competences to executive management (company directors, different depending on specific attributions):

- a) representation and contractual/juridical engagement in report with third parties;
- b) establishing of organizational structure and of company personnel, of responsibilities on functions and compartments;
- c) selection, employment and leaving of employee personnel in conditions of law;
- d) negotiation of collective and individual contracts of labor;
- e) operative management of the activities and administration of company patrimony.

Art.5 Specific functions within the Board of Directors are established after case by General Meeting of Shareholders or by the Council. These are:

- President of Council
- Executive member
- Non-executive members

Members of Council will exercise the mandate with loyalty in company interest.

Art.6 The Council may decide in law conditions the foundation of an Audit Committee composed by members of the Board of Directors.

Art.7 The Board of Directors appoints a secretary, preferably an employee of company having legal studies. This participates at the meetings of the Council without vote right having the attribution provided in present Rule.

Chapter III. Committee of Audit

Art.8 The Committee of Audit is a consultative body of the Board of Directors, in charge with performing of investigations and elaboration of recommendations for Council.

Art.9 The Committee of audit will be composed of 2 members of Board of Directors, who don't have executive attributions. Least one from members must detain experience in application of accounting principles or in financial audit.

Art.10 The Committee of audit will survey the activity of Intern Auditory of company and will periodically forward reports on the developed activities and of made findings.

Chapter IV. Operation of the Board of Directors

Art.11 The Board of Directors (hereinafter BD) develops its activity in ordinary and extraordinary meetings at company head-office, in the room special designated. At meetings participate of right BD President, BD members, company directors and BD secretary.

- Art.12** Ordinary meetings take place quarterly, usually in the months February, April, September and December and will have on the order of the day besides other current problems, on those provided in the Annex 1.
- Art.13** Extraordinary meetings take place anytime is necessary following to have on the order of the day the problems which make necessary the convoking.
- Art.14** BD convocation is made by the President of Council, by concern of the secretary, with minimum 10 calendar days before. The Council may be convoked also at motivated request of minimum 2 members who will propose the order of the day.
- Art.15** In the case of extraordinary meetings the convocation may be done in a shorter period depending on problems urgency, but not least of 24 hours.
- Art.16** The convoker will contain the date of the meeting, order of the day, hour of development and if is the case guests participants.
- Art.17** The text of convocation is made known to participants by e-mail and SMS. In this way the participants of right have the obligation to detain a mobile phone and to have access at an address of electronic post.
- Art.18** Any member of BD has the right to propose, through the secretary, points on the order of the day. These will be communicated immediately to the other participants.
- Art.19** The materials subject to debates will be sent to the participants of right, usually in electronic format, on their e-mail address. The voluminous materials on paper support will be put at disposal to consulting in utile time by secretary concern.
- Art.20** The participants invited at BD meetings will have access only at the materials which has no connection with the problems that concern to them.
- Art.21** BD meetings are managed by President or when this is missing by executive BD member .
- Art.22** At the date of meetings keeping, the materials subject to debates communicates by e-mail will be edited, by secretary concern, on paper support, each copy for each participant. The documents will be signed by elaborators.
- Art.23** The meeting of the Board of Directors is statutory in the presence of least 3 from its members. In fulfillment of its attributions the Council adopts **Decisions**. These are adopted with simple majority of present members. In case when is not achieved the quorum of presence, the meeting is rescheduled at a date convened by participants but not later than 3 days from the first convocation.
- Art.24** The Official Reports of the meetings containing adopted Decisions, are elaborated by the secretary of the Council and are inscribed in special Register of official reports of BD. The official reports are signed by the President of meeting, by another participant administrator and by secretary. **The decisions** of the Council may be elaborated also as separate documents on paper support (having text identical with that mentioned in the

Official Report), case in which may be signed only by BD President or replacer, after case and secretary.

Art.25 Signing of the official reports is usually made in the first meeting convoked subsequently to that for which was elaborated. The text will be previously sent by e-mail to the participants for notification. In urgent cases may be elaborated only **Decisions** of Council, as separate documents, following that their text to be communicated in the same time by e-mail to participants at meeting, and subsequently to be included in the official reports from Register.

Art.26 Participants of right have the obligation to check the texts in and to make necessary remarks for their conformity.

Art.27 Order of day of ordinary meetings of the Board of Directors is established by the President of Council (or executive member in its missing), based on the proposals of the secretary. The secretary of Council will keep the evidence of statutory terms or of those established in previous meetings of Council and of materials which must be elaborated and debated.

Art.28 Order of day of extraordinary meetings is established by the President of Council (or when this is missing by executive member of BD). BD secretary will inform on the problems accumulated in time and which were scheduled to be debated in respective meeting.

Art.29 BD members and the participants at BD meetings will not disclose the confidential information and commercial secrets of the company at which have access (obligation which return also after ceasing of the mandate / relations with company).

Cap.VI Attributions of the secretary

Art.30 The secretary of the Board of Directors fulfills the following attributions:

- is the person of contact with Authorized Consultant of the company for the market of capital (procedure of cooperation in accordance with the Annex 2)
- report at each meeting on the way of fulfillment by the factors appointed of **Decisions** of Council previously adopted.
- Assure reports elaboration (direct or by following the persons in right) , the official reports and of Council **Decisions**
- Distribute the convokers, materials subject to debates and the drafts of **Decisions** or official reports
- Is concern about keeping in order of the Register of Official Reports and of **Decisions** which are separate elaborated (testifier copies)
- keep intern and extern correspondence of the Council
- archives the documents of the Board of Directors in accordance with the procedures of archiving implemented in company
- assure and develop organizational aspects of current activities of the Council (arrangement of council room, preparing of material, convocation of guests and assurance of enough places for participants, etc.)
- fulfill the other tasks mentioned in Rule or established by BD.

Art.31 The Secretary of Council, in fulfillment of its attributions, based on Council Decisions, of those established by General Director or based on statutory rules or legal in force, has the obligation to remember in due time, to responsables of problems indifferent of its function, the tasks which have to be fulfilled and reported in front of Council.

Art.32 The secretary has the obligation to keep the confidentiality on discussed problems, of expressed problems and of vote options. Except the tasks on which have to be sent to responsables of problems, the secretary is authorized to make known to the interested ones and entitled to know them, only the texts of Official Reports and of adopted Decisions.

Art.33 For fulfilling of its attributions, the secretary receive a gross monthly sum established by Council, as an addition at basis salary.

Chapter VI. Conflict of interests and other situations

Art.34. The administrators will observe the provisions art.144>3 Conflict of interests from law no. 31/1990 republished and modified. In case of appearance of such a conflict or of a supposed conflict , will be proceeded as follow:

- a) it will require to administrator in cause a statement on own responsibility regarding to respective problem
- b) it will require a legal opinion to legal counselor of company regarding to the context and legal implications that derived
- c) it will analyze in BD meeting the situation of fact and depending on conclusions it will take a **Decision** by which it will communicate to administrator after case:
 - suspicious removal
 - admission as being without consequences analyzed situation, with recommendation of this removal in a reasonable term
 - information AGOA for decision in case of stating of prejudices or when the administrator not remove the conflict of interests

Art.35 Any other professional commitments of BD members, including position of executive or non-executive member in the Board of Directors of other companies and/or non-profit institutions will be notified to BD.

Art.36 Every member BD will inform the Council regarding to any connection with a shareholder who detain directly or indirectly over 5% from total number of rights of vote.

Chapter VII. Final provisions

Art.37. Present rule, adopted in BD meeting from 23.02.2016 remain in force until a eventual modification/revoking of this.

Art.38 Modification/completion of Rule may be done by BD anytime is necessary, at proposal of every member.

**Planning of the problems subject to debates
in ordinary meetings BD**

Meeting	Problem	Responsibility
Trimester I (february)	<ul style="list-style-type: none"> - Budgetary execution previous year - Balance at 31.12/previous year - Result inventorying - Reports yearly activity: <ul style="list-style-type: none"> • Scientific Council • Commission of Ethics • Audit committee • Intern auditor (and current reports) - Proposals preliminary Revenue and Expenditure Budget and Investments Budget - Situation of orders portfolio - Accounting politics 	<ul style="list-style-type: none"> Economic Dept. Economic Dept. Economic Dept. Responsible Compartment Economic department Responsible Compartment Economic department
Trimester II (april)	<ul style="list-style-type: none"> - Current budgetary execution - Balance previous year - Current Reports intern audit - Proposal equities repartition - Yearly report ASF - Proposal Revenue and Expenditure Budget and Investments Budget - Documents AGOA of balance/AGEA - Situation orders portfolio - Reports yearly activity: <ul style="list-style-type: none"> • Human resources compartment • Company physician 	<ul style="list-style-type: none"> Economic department Economic department Intern aud./Audit Committee President & CEO President & CEO Economic department BD Secretary Responsible Compartment Responsible Compartment
Trimester III (september)	<ul style="list-style-type: none"> - Current budgetary execution - Report semester I ASF - Financial-accounting reporting semester I - Current Reports intern audit - Situation orders portfolio 	<ul style="list-style-type: none"> Economic department Economic department Economic department Intern aud./Audit Committee Responsible Compartment
Trimester IV (december)	<ul style="list-style-type: none"> - Current budgetary execution - Preliminary total turn-over and on compartments - Situation orders portfolio - Foundation Revenue and Expenditure Budget Investments Budget next year - Current Reports intern audit 	<ul style="list-style-type: none"> Economic department Economic department Responsible Compartment Economic department Intern aud./Audit Committee

Rule of organization and acting
of the Board of Directors

PROCEDURE

regarding the cooperation with Authorized Consultant

1. The procedure is applied for the period in which this cooperation is imposed by the Bucharest Stock Exchange or is voluntary contracted by company.
2. The contact person will contact on phone or by e-mail his homolog established by the consultant least one per month or anytime events or new information impose sending of current or periodical reports.
3. After consulting of BD President or of executive member who replace him, all relevant information that concerns the problem in discussion will be supplied by the contact person.
4. The correspondence on e-mail with Authorized Consultant will be sent for knowledge to BD President or when this is missing to his replacer. In order that the evidence to be easy to follow, the contact person will register the data and the problems discussed/sent (brief) to consultant in an evidence book
5. In the situation when occur malfunctions in the relation with Authorized Consultant, the Bucharest Stock Exchange will be informed after obtaining the approval of BD President or his replacer.