



**THE BOARD OF DIRECTORS of**

 **SANTIERUL NAVAL ORŞOVA S.A.**

**The regulations of the advisory committees**

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**Preamble:**

 The Board of Directors may create Advisory Committees consisting of at least 2 members of the Board and tasked with conducting investigations and developing recommendations for the CA Board. The Audit Committee and the Nomination and Renumeration Committee are mandatory.

The committees will regularly submit reports on their activities to the Council. The committees operate according to the Organization and Operation Regulations.

At least one member of each committee created must be a non-executive director.

The audit and nomination and remuneration committees are made up of non-executive directors.

At least one member of the audit committee must have enforcement experience

accounting principles or in financial auditing. This regulation is drawn up in accordance with the legal provision in force (Law no. 31/1990 republished, Law no. 297/2004 with subsequent amendments, Law no. 24/2017 with subsequent amendments and additions) and the requirements of the Corporate Governance Code of Bucharest Stock Exchange.

**Organization and Operation Regulation of**

**AUDIT COMMITTEE**

**COMPOSITION OF THE COMMITTEE**

The Audit Committee is made up of 3 members of the Board of Directors, according to the Board Decision, most of the members being non-executive.

The members of the Audit Committee are elected by the Board of Directors. One of the members

The audit committee, with financial/accounting/audit training and experience, will be appointed

President by the Board of Directors.

The members of the Audit Committee must have basic knowledge in the financial-accounting field and at least one member of the Audit Committee must have experience in the application of accounting principles or in financial auditing.

**DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

The Audit Committee reviews, reports, provides advice and assists the Board of Directors in fulfilling its duties in the field of internal control, compliance and audit, analyzes and makes proposals regarding specific issues in accordance with the provisions of the legislation in force, in the Constitutive Act of the company and in the Corporate Governance Code of BVB, as well as at the express request of the Board of Directors.

The main attributions aim at analyzing and formulating proposals regarding the following specific issues resulting from:

1) Monitoring the statutory audit of the financial statements prepared by the company in accordance with the applicable legal provisions, as well as any reports prepared at the request of some shareholders;

2) Ensures the company's relationship with the financial auditor, the conclusion and proper development of the contract with him, according to the A.G.A. decision;

3) Make recommendations to the Board of Directors regarding the selection, appointment and

the replacement of the financial auditor, as well as the terms and conditions of his remuneration;

4) Selects the internal auditor and analyzes the quality of the reports drawn up by him in terms of the application of legal standards and generally accepted internal audit standards, assuring the Board of Directors that the reports comply with the audit plan approved by the Board of Directors for each financial year;

5) Analyzes the significant aspects resulting from the audit reports and the proposals for remedying any deficiencies, especially regarding the management of the Company and regarding the financial reporting process;

6) Analyzes the compliance of the accounting policies adopted by the Company with the applicable accounting regulations, assuring the Board of Directors that they lead to a faithful and real presentation of the transactions carried out by the company in accordance with its object of activity;

The Committee has in its attributions any other issues that are the responsibility of the Audit Committee according to the law, the Company's Articles of Incorporation and the Corporate Governance Code or at the express request of the Board of Directors.

**The Audit Committee has the following main responsibilities:**

1. Performs an annual evaluation of the internal audit system, its efficiency and effectiveness, as well as the coverage of the internal audit function;
2. Evaluates the internal auditor's reports in terms of compliance with the annual audit plan, the application of legal standards and generally accepted internal audit standards, as well as the quality of the findings and recommendations made;

3) Analyze findings regarding conflicts of interest in relation to transactions of the company and its subsidiaries with related parties and monitor measures to avoid situations of conflicts of interest;

4) It permanently ensure that there is a coordination between the internal auditor and the financial auditor

the Society;

5) Periodically (annually) reports the activity carried out according to its attributions, a report that will also include the recommendations formulated and addressed to the Board of Directors regarding the internal audit and the financial audit. It also prepares quarterly and, whenever necessary, reports that are subject to the approval/information of the Board of Directors;

1) Make recommendations to the Board regarding the selection, appointment and replacement of the financial auditor, as well as the terms and conditions of his remuneration.

2) Members of the Audit Committee must notify the Audit Committee of any conflicts of interest that have occurred or may occur and refrain from participating in

discussions (including through non-presentation, unless the non-presentation would prevent the formation of a quorum) and from the vote to adopt a recommendation/opinion/resolution on the topic giving rise to the respective conflict of interest.

**CONVOCATION, DECISION, RECOMMENDATIONS**

The Audit Committee will meet whenever necessary, but at least four times a year to analyze the internal audit report and/or the financial auditor's opinion regarding the essential aspects resulting from the financial audit, as well as regarding to the financial reporting process and will recommend the necessary measures.

Audit Committee meetings will be convened by the Chairman of the Audit Committee.

The place, date and time of the meeting, as well as the agenda, are specified in the notice convening each meeting of the Audit Committee. The notice will be sent to each member of the Committee and to any other person whose participation is necessary, in sufficient time before the date of the meeting. In the same term, informative materials will be distributed to the members of the Audit Committee and the other participants, if necessary. Documents can be sent by e-mail.

The Chairman of the Audit Committee will specify the agenda and the duration of the meetings and will ensure the efficient exercise of the Committee's duties.

The meetings of the Audit Committee will be organized before the debate of the issues within the competence of this Committee and written on the agenda of the Audit Committee in the meeting of the Board of Directors, in order to allow the timely preparation of reports for the Board of Directors.

The Audit Committee can meet by means of remote communication in the videoconference or teleconference system, if the Chairman of the Audit Committee decides in this regard.

Also, the President may request the Audit Committee to adopt recommendations regarding certain documents through an exchange of emails, faxes or letters.

The quorum condition is deemed to be met and the Audit Committee validly meets when at least two members are present (including the Chairman of the Committee). If the Chairman of the audit committee is unable to attend the meeting of the audit committee, he may mandate any of the members of the committee to carry out the procedures for convening and conducting the meeting. A member's participation in a meeting by means of remote communication (video or audio) will be considered valid for the purpose of determining the quorum.

The members of the Audit Committee will be able, in their unanimous presence and if none of them opposes, to hold meetings and take any measures/recommendations within the competence of the Committee, without complying with the formalities required for convening.

The Audit Committee will adopt recommendations by mutual agreement. If no agreement is reached, the recommendations will be adopted by a simple majority of the votes of the members present. In case of equal votes, the decisive vote belongs to the Chairman of the Audit Committee. The subject on which the audit committee cannot adopt a decision will be immediately brought to the attention of the Board of Directors.

Votes expressed in writing, including in the electronic system, will be sent directly to the Secretary of the Audit Committee, or the person designated to take care of the secretariat's work, who will inform all members of the Audit Committee about the adopted decision.

The Secretary of the Audit Committee is appointed by the Chairman of the Board of Directors and, in general, this function is performed by the Secretariat of the Board of Directors or

a person designated by the Audit Committee.

The Secretary of the Audit Committee will write the minutes of the meetings, the decisions and recommendations adopted, as well as the reports of the Audit Committee. The secretary must make the minutes available to each member of the Audit Committee, within a maximum of 5 days from the end of the meeting. The minutes will be sent by e-mail in pdf format. members of the Audit Committee at the electronic addresses (e-mail).

The Secretary of the Audit Committee will take care of signing the minutes and forwarding the recommendations and reports of the Audit Committee to the Board of Directors.

**Regulation of Organization and Operation of the NOMINATION AND REMUNERATION COMMITTEE (CNR)**

**COMPOSITION OF THE COMMITTEE**

The Nomination and Remuneration Committee consists of at least 2 members of the Board of Directors.

They are appointed by the Board of Directors from among its members, upon the proposal of the President.

At least one member of the Nomination and Remuneration Committee must be an independent member of the Board of Directors.

Any change in the composition of the Nomination and Remuneration Committee will be sent to A.S.F. in the legal term that is calculated from the date of the change in its composition.

**DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

The Nomination and Remuneration Committee reviews, reports, advises and assists the Board of Directors in fulfilling its duties and responsibilities with regarding remuneration policy and, in particular, advises and monitors the remuneration, bonuses and benefits of directors, officers and staff, or nominate candidates for the various management positions.

The Committee fulfills any other duties established by the Board of Directors, respecting the provisions of the legislation in force, the Constitutive Act of the company and the Corporate Governance Code of BVB).

The Remuneration Committee has the following main responsibilities:

1. Formulating proposals for the Board of Directors (and, through the Board, the General Meeting of Shareholders, as the case may be) regarding the remuneration of each administrator, including bonuses, incentives and share purchase options, based on the degree of achievement of objectives of established performance, if the remuneration policy provides for such benefits;
2. Analyzing and formulating proposals for the Board of Directors regarding the total annual package of variable remuneration within the company, if the remuneration policy provides for such a variable component;

3) Analyzing and formulating proposals for the Board of Directors (and, through the Board, the General Meeting of Shareholders, as the case may be) regarding programs for granting share purchase options or shares, if the remuneration policy provides such benefits;

4) Proposing performance objectives for the awarding of cash remunerations that are granted according to such objectives or proposing objectives for the awarding of shares or stock purchase options;

5) Periodic formulation of proposals for revising the remuneration policy and other remuneration elements, including compensatory payments and pension plans;

6) Formulating proposals for the Board of Directors regarding any policy related to remuneration;

7) Formulation of the succession plan at the level of the company's executive.

8) Formulation of recommendations regarding candidates for the executive management of the company (Directors with a mandate contract).

9) Any other issues that are the responsibility of the Committee according to the law, the Company's Articles of Association and the Corporate Governance Code or at the express request of the Board of Directors;

10) Whenever needed, the Committee will present reports to the Board of Directors, which are subject to approval and information;

11) Members of the Nomination and Remuneration Committee must notify the Nomination and Remuneration Committee of any conflicts of interest that have arisen or may arise and refrain from participating in discussions (including by not appearing, unless the non-appearance would prevent the formation of the quorum) and from the vote for the adoption of a recommendation/opinion/resolution regarding the topic that gives rise to the respective conflict of interest.

**CONVOCATION, DECISION, RECOMMENDATIONS**

The Nomination and Remuneration Committee will meet whenever necessary. The meetings of the Nomination and Remuneration Committee will be convened by the Chairman of the Committee.

The notice convening each meeting of the Nomination and Remuneration Committee will specify the place, date and time of the meeting, as well as the agenda. The notice of the meeting shall be sent to each member of the Committee and to any other person whose attendance is required, sufficiently in advance of the date of the meeting. In the same term, informative materials will be provided to the members of the Nomination and Remuneration Committee and the other participants, if applicable. Documents can be sent by e-mail.

The Chairman of the Nomination and Remuneration Committee will specify the agenda and the duration of the meetings and will ensure the efficient exercise of the Committee's duties.

The Nomination and Remuneration Committee will also meet if two members of the Committee request the convening of a meeting. Applicants will have to specify the date, place and time of the requested meeting, as well as the proposed agenda, including supporting materials.

The meetings of the Nomination and Remuneration Committee will be organized before the debate of the issues within the competence of this Committee and listed on the agenda of the Nomination and Remuneration Committee in the meeting of the Board of Directors, to allow the timely preparation of reports for the Board of Directors.

The Remuneration Committee can meet by means of remote communication in the video-conference or teleconference system, if the Chairman of the Committee decides in this regard. The Chairman of the Committee may also request the Nomination and Remuneration Committee to adopt recommendations regarding certain documents through an exchange of e-mails, faxes or letters.

The quorum condition is deemed to be met and the Nomination and Remuneration Committee validly meets when at least two members are present (including the Chairman of the Committee).

A member's participation in a meeting by means of remote communication (video or audio) will be considered valid for the purpose of determining the quorum.

The Nomination and Remuneration Committee will adopt recommendations by mutual agreement. If no agreement is reached, the recommendations will be adopted by a simple majority vote of the members present. In case of equal votes, the decisive vote belongs to the Chairman of the Nomination and Remuneration Committee. The subject on which the Committee cannot adopt a decision will be immediately brought to the attention of the Board of Directors.

Votes expressed in writing, including in the electronic system, will be sent directly to the Secretary of the Nomination and Remuneration Committee, or the person appointed to take care of the secretariat's work, who will inform all members of the Nomination and Remuneration Committee about the decision adopted.

The Secretary of the Nomination and Remuneration Committee is appointed by the Chairman of the Board of Directors and generally this position is performed by the Secretary of the Board of Directors or a person nominated by him.

The Secretary of the Nomination and Remuneration Committee will draw up the minutes of the meetings and the adopted recommendations, including the lists of participants. The Secretary must make the process available to each member of the Nomination and Remuneration Committee

- verbally, shortly after the end of the meeting. The minutes will be sent by email in pdf format. members of the Nomination and Remuneration Committee at the electronic addresses (e-mail).

The Secretary of the Nomination and Remuneration Committee will take care of the signing of the minutes by the members as well as the submission of the recommendations and reports of the Nomination and Remuneration Committee to the Board of Directors at the express request of its President.

**President of the Board of Directors,**



