



INTERNAL REGULATION OF THE BOARD OF DIRECTORS OF TMK-ARTROM S.A.

1. GENERAL PROVISIONS

- 1.1. The Board of Directors (the „**Board**” or the „**Board of Directors**”) is created and formed in accordance with the provisions of Companies Law no. 31/1990, as further amended and supplemented (“**Law 31/1990**”), Law no. 24/2017 on issuers of financial instruments and market operations, as further amended and supplemented (“**Law 24/2017**”), the Corporate Governance Code of Bucharest Stock Exchange of 11 September 2015 (the “**BSE Corporate Governance Code**”) as well as any other relevant rules and regulations and TMK-ARTROM S.A.’s (the “**Company**” or “**TMK-ARTROM**”) Articles of Association (the “**Articles of Association**”).
- 1.2. The purpose of these Internal Regulation of the Board of Directors (the “**Internal Regulations**”) is to specify the *modus operandi* of the Board of Directors of the Company. These Internal Regulations will be revised and/or updated by the Board from time to time as may become necessary.
- 1.3. In addition to the legal provisions, the Articles of Association and this Internal Regulation, Directors are required to fully adhere to and comply with the Company’s Code of Ethics (available on the Company’s website).

2. STRUCTURE AND MEMBERS OF THE BOARD OF DIRECTORS

- 2.1 In accordance with Article 11 of the Articles of Association, the Company is managed by a Board of Directors consisting from 7 members, the majority of whom shall be non-executive directors and out of the non-executive directors, at least 2 shall be independent.
- 2.2 Non-executive members of the Board are those who have not been appointed as managers of the Company and who are not involved in the day-to-day operations of the Company.
- 2.3 An independent director is a director who has not formed any relationship that could interfere with the exercise of his independent judgement. An independent director shall meet the following criteria:



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- a. is not, and has not been in the past 5 years, a manager of TMK-ARTROM or of a company controlled by TMK-ARTROM;
 - b. is not, and has not been in the past 5 years, an employee of TMK-ARTROM or of a company controlled by TMK-ARTROM;
 - c. is not receiving and has not received in the past from TMK-ARTROM or from a company controlled by TMK-ARTROM any additional remuneration or other advantages apart from those related to his/her position as non-executive director;
 - d. is not a significant shareholder of TMK-ARTROM;
 - e. is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the Company, controlling more than 10% of voting rights or with a company controlled by it;
 - f. is not having and has not had in the past year business or professional relationships with TMK-ARTROM or with a company controlled by TMK-ARTROM, either directly or as a customer, partner, shareholder, director, manager or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;
 - g. is not and has not been in the last 3 years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the Company or a company controlled by it;
 - h. is not a manager in another company where one of TMK-ARTROM's managers is a non-executive director;
 - i. has not been a non-executive director of TMK-ARTROM for more than 3 mandates or 12 years; and
 - j. does not have family ties with a person in the situations referred to above under letters a), d) or e).
- 2.4 Each independent member of the Board shall submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election, as well as when any change in his/her status arises, by demonstrating the ground on



which he/she is considered independent in character and judgement in practice and according to the criteria under Article 2.3 above.

- 2.5 Directors are appointed by the Shareholders' Ordinary Meeting for a four-year term that may be renewed. Any of the shareholders may propose candidates for the position of director of the Company.
- 2.6 Directors may be revoked at any time by decision of the Shareholders' Ordinary Meeting. In case of vacation of one or more positions of director, the remaining directors will immediately convene the Shareholders' Ordinary Meeting in order to fill the vacancies.
- 2.7 A person may exercise at the same time no more than five mandates of Director and/or member of the supervisory board in joint stock companies headquartered in Romania. This limitation does not apply if the person appointed as director holds at least $\frac{1}{4}$ of the Company's total shares or is a member of the board of directors or the supervisory board of a joint stock company holding $\frac{1}{4}$ of the Company's shares.

3. POWERS, COMPETENCES AND RESPONSABILITIES OF THE BOARD OF DIRECTORS

- 3.1 The Board of Directors is charged with carrying out all acts and measures for the exercise of the Company's object of activity, except for the prerogatives reserved exclusively for the General Meeting of Shareholders or attributions delegated to the managers of the Company.
- 3.2 The Board of Directors has the following duties that may not be delegated to managers:
 - a) Establishing the main directions of activity and development of the Company;
 - b) Establishing the accounting and financial control system and the approval of financial planning;
 - c) Appointment and dismissal of managers and determining their remuneration;
 - d) Supervising the managers' activity;



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- e) Preparing the annual report, organizing the general meeting of shareholders and implementing its decisions;
 - f) Filing for the initiation of the insolvency proceedings.
- 3.3 The Board of Directors represents the Company only in relation to the General Manager and the other managers.
- 3.4 The purchase, sale, exchange, encumbrance of the assets of the Company whose value exceeds, during a financial year, 20% of the total value of the Company's assets save for the receivables, may be performed by the Board of Directors only with the approval of the Shareholders' Extraordinary Meeting. The prior approval of the Shareholders' Extraordinary Meeting is also necessary for asset-leasing operations and joint ventures for a duration of more than one year or whose aggregate value in relation to the same contracting party, persons involved or acting in concert, exceeds 20% of the total value of the assets save for the receivables.
- 3.5 For the avoidance of doubt, the purchase, sale, exchange or encumbrance of the assets of the Company whose value, in the course of a financial year, does not exceed 20% of the total value of the assets save for the receivables, are delegated by the Articles of Association to the General Manager of the Company. Also, the General Manager is empowered to conclude any lease of assets and joint ventures for a duration not exceeding one year and whose aggregate value to the same contracting party, persons involved or persons acting in concert, does not exceed 20% of the total value of the assets save for the receivables.

4. OPERATION OF THE BOARD OF DIRECTORS

4.1 Chairman

- 4.1.1 The Chairman of the Board of Directors of the Company is appointed to this position for the duration of his mandate as Director.
- 4.1.2 In case the Chairman cannot or is not allowed to vote in the Board meetings, the other Members of the Board may elect a chairman to preside over such specific meeting having the same prerogatives as the Chairman of the Board of Directors.
- 4.1.3 The Chairman coordinates the activity of the Board and reports to the Shareholders' General Meeting on such activity. He oversees the proper



functioning of the Company's bodies. In case the Chairman is temporarily unable to exercise his duties, the General Manager will assume the duties of the Chairman during such period.

4.2 Calling of meetings

4.2.1 The Board meetings are called by the Chairman who establishes the agenda of the meeting, supervises that the members of the Board are correctly informed on the issues on the agenda and presides over the meeting.

4.2.2 The Board shall also meet upon the justified request of any two Members or of the General Manager of the Company. In such case, the agenda is established by the person who requested that a Board meeting be called. The Chairman is obliged to call the meeting of the Board upon receipt of such request.

4.2.3 The calling notice shall be communicated to the Board members with enough time in advance. Matters not included on the agenda may be decided upon only in case of emergency.

4.2.4 The calling notice will include the date, location and agenda of the meeting.

4.3 Transmission of documents

4.3.1 The Chairman ensures that the Directors receive the documents and information required for the performance of their duties.

4.3.2 Except in the event of emergency or necessity, the documents and information required by the Directors to fully perform their duties will be sent to them with sufficient time in advance to the meeting.

4.4 Board secretary

4.4.1 A secretary, who does not necessarily have to be a Director, is appointed by the Board based on the proposal of the Chairman or of any Director. He acts as the secretary for both the Board and its committees and prepares the minutes of meetings of the Board and its committees' meetings.



4.4.2 The Board secretary is responsible for the effective functioning and support of the Board and its committees and for ensuring efficient communication and information flows between the Board, its committees, the Company and its shareholders.

4.5 Quorum

4.5.1 The presence of at least half of the Directors is required for the Board to be validly convened. The decisions will be adopted with the absolute majority of the votes of the Directors present at the meeting.

4.5.2 Decisions on the appointment and revocation of the Chairman shall be made by the absolute majority vote of the members of the Board.

4.5.3 Directors who take part in the Board meeting by videoconference or other means of telecommunication that make it possible to identify them and secure their effective participation under the conditions set by the regulations in force are considered to be present for the purposes of calculating the quorum and majority (see Article 4.8 below of these Internal Regulations). Voting by correspondence is not permitted in relation to the decisions regarding the annual financial statements or the authorized level of the share capital.

4.6 Setting of the agenda for the meetings

4.6.1 The Chairman sets the agenda for meetings when the Chairman decides to call the Board meeting (as provided by Article 4.2.1 of these Internal Regulations).

4.6.2 In case a Board meeting is called following the request of any two Directors or of the General Manager of the Company (as provided by Article 4.2.2 of these Internal Regulations), the agenda is established by the person who requested for the meeting to be called.

4.6.3 Any Director wishing to discuss with the Board a matter that has not been included on the agenda at any Board meeting shall inform the Chairman prior to meeting. The Chairman shall inform the Board in this respect. If this is justified by the circumstances, an additional agenda may be provided by the Chairman to the Directors when they enter the meeting. If the Chairman so requests, the discussion of any or all the miscellaneous matters may be automatically carried over to the next Board meeting.



4.7 Holding of Board meetings

4.7.1 The Board shall meet at least once every three months.

4.7.2 Executive managers and internal auditors may be convened at the meetings of the Board of Directors, in which case they are required to attend the meeting.

4.8 Participation in Board meetings by videoconference or other means of telecommunication

4.8.1 The Directors may attend any of the Board meetings by telephone conference, video conference or other means of communication, provided that they meet the technical requirements to ensure the participants' identification, to ensure their effective participation in the meeting and the continuous transmission/retransmission of the deliberations.

4.8.2 If at least three members of the Board expressly oppose holding the meeting by means of teleconference or other means of communication, the meeting of the Board shall be held and the decisions shall be adopted in accordance with the rules applicable to the meetings requiring the physical presence of the Directors.

4.9 Rules relating to the adoption of decisions.

Directors may be represented in a Board meeting only by another Director. A Director present at the meeting may represent only one absent Director.

4.10 Minutes of Board meetings.

At each meeting of the Board, deliberations by the Board are recorded in minutes containing the names of the participants, the order of the debates, the decisions taken, the number of votes gathered and the separate opinions, if any. The minutes of the meeting will be signed by the Chairman of the Board and by the General Manager.

4.11 Duties of Directors



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- 4.11.1 In order for the appointment of a Director to be legally valid, the person must expressly accept his/her appointment. The designated Director will conclude a professional liability insurance policy.
- 4.11.2 Before accepting his/her duties, a Director must ensure that he/she is aware of the general and special obligations relating to his/her office. He/she must in particular be familiar with the applicable legal or regulatory provisions, the Company's Article of Association, these Internal Regulations and the related appendices and any supplemental information that the Board may provide to him/her. The Director is bound by a duty of discretion and confidentiality in the Company's interests.
- 4.11.3 Directors, and any person called to attend (i) Board meetings in person or by videoconference or other means of telecommunication, or (ii) meetings of Board committees, have an obligation of absolute confidentiality with regard to the information provided to them within the framework of their duties or discussed at Board meetings. They undertake to preserve the confidentiality of the information provided. In particular, the discussions themselves, the minutes recording the terms of such discussions and the reports and documents sent to the Board, as well as the decisions taken, are confidential and may not be circulated, unless regulations in force require the appropriate disclosure.
- 4.11.4 In the event of a proven breach of a confidentiality obligation by one of the Directors or by any other person attending a Board meeting, the Chairman of the Board shall consider the action to be taken, possibly before the courts, with regard to such breach.
- 4.11.5 Before appointment, as well as during their mandate, the Board members must disclose to the Board, which shall subsequently ensure that such information is disclosed to the shareholders and to the potential investors, their other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions.
- 4.11.6 The Directors accepting their appointment undertake to comply with any and all legal provisions, the Articles of Associations, these Internal Regulations, including the provisions of the Directors' Charter attached hereto as Appendix 1, as well as any and all other internal policies and regulations of the Company.



4.12 Management of conflicts of interest

4.12.1 Directors have a duty of loyalty to the Company and shall strive to avoid conflicts of interests, defined as situations in which their personal or other professional interests make it difficult to act impartially in the best interests of the Company and its shareholders and to perform their role as Director.

4.12.2 Directors shall disclose annually to the Audit Committee their main professional positions and activities, including their duties in non-profit organizations and any relevant legal entities in which they themselves or those whom they represent are significant shareholders. The Audit Committee shall satisfy itself that there have been no actual conflicts of interests.

4.12.3 It is a Director's responsibility to declare any actual or perceived conflict of interest at the beginning of all Board meetings and not to take part (including by not being present where this does not render the meeting non-quorate) in any Board deliberations or vote relating to the operations in connection to which such conflict of interests exists.

4.12.4 If a transaction for which a Director has an actual or potential conflict of interest is unavoidable, the transaction or business relationship with the Company shall be approached with appropriate caution and full transparency.

4.12.5 All Directors shall submit to the Board information on any relationship with a shareholder who holds, directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.

5. CONSULTATIVE COMMITTEES

5.1 The Board may set up consultative committees made up of at least three members of the Board and charged with carrying out investigations and making recommendations to the Board in areas such as auditing, remuneration of directors, managers, internal auditors and staff.

5.2 The organization, functioning and competencies of any such consultative committees will be determined by the Board of Directors' decision in accordance with the applicable legal provisions.



6. VALIDITY OF ACTS DONE BY DIRECTORS

All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

7. APPROVAL AND REVIEW OF THE INTERNAL REGULATIONS

- 7.1 These Internal Regulations shall come into force upon approval by the Board of Directors and may be amended by resolution thereof at any time.
- 7.2 Any issue concerning the interpretation of these Internal Regulations shall be referred to the Board.
- 7.3 In the event of conflict between the Internal Regulations and any mandatory applicable national laws or regulations, the latter shall prevail.



APPENDIX 1 – DIRECTORS’ CHARTER

INTRODUCTION

The Directors of the Company undertake to comply with and follow the guidelines contained in this Charter. This Charter has been drawn up to enable Directors to fully perform their duties and to ensure that the contribution made by each of them is fully effective and meets the standards expected from them in terms of independence, ethics and integrity.

Article 1 – Corporate interest

Each Director must act in all circumstances in the Company’s best interest.

Article 2 – Compliance with law and the Articles of Association

Each Director must be fully aware of his/her rights and obligations. Directors must, in particular, be aware of and comply with the legal and regulatory provisions relating to their duties, and the specific rules laid down in the Company’s Articles of Association and the Internal Regulations of the Board.

Article 3 – Performance of duties: guiding principles

Each Director must perform his/her duties with loyalty and professionalism.

Article 4 – Independence and duty of expression

Each Director undertakes to preserve, in all circumstances, his independence of analysis, judgement, decision and action. He/She also undertakes not to be influenced by any factor unrelated to the corporate interest, which he undertakes to defend. Directors shall notify the Board of any information of which they are aware that may appear to them to be likely to affect the Company’s interests. Directors have the duty to clearly express their concerns and opinions. They shall endeavor to convince the Board of the relevance of their positions. In the event of a disagreement, they ensure that their positions are explicitly recorded in the minutes of Board meetings.

Article 5 – Independence and conflicts of interest

Each Director shall strive to avoid any conflict that may exist between his moral and material interests and those of the Company. He/She shall inform the Board of any conflict of interest in which he/she could be directly or indirectly involved. If he/she cannot avoid being in a situation



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of conflict of interest, he/she shall refrain from participating in the discussions and in any decision on the topics concerned.

Article 6 – Loyalty, good faith and the duty of discretion

Directors shall not take any initiative which could harm the Company's interests and shall act in good faith in all circumstances. Directors shall be bound by a duty of discretion with regard to the information and the discussions in which they participate and shall respect the confidential nature of all the information provided to them within the scope of their duties, as stated in the Internal Regulations. They undertake not to use for their own personal benefit or for the benefit of any other person the privileged information to which they have access. In particular, when they have information on the Company in which they are Directors that has not been made public, they undertake not to trade, or have any other person trade, in the Company's securities on the basis of such information.

Article 7 – Professionalism and commitment

Each Director undertakes to devote the necessary time and attention to fulfil his/her duties. He/She shall keep himself/herself informed on the Company's businesses and specific issues, its challenges and values, including by asking its senior managers questions. Directors shall attend Board meetings regularly and diligently. They shall attend Shareholders' General Meetings. Directors shall endeavor to obtain in due time the information which they consider essential to keep themselves informed in order to be able to take part in the Board's deliberations with full knowledge of the facts. They shall remain fully informed at all times on all matters relating to their duties.

Article 8 – Professionalism and efficiency

Each Director contributes to the collective nature and efficiency of the work of the Board and of any specialized Board committees that may have been set up. Directors shall make any recommendations that they consider would be likely to improve the *modus operandi* of the Board. They agree to the evaluation of their own actions by the Board of Directors. They shall ensure, along with the other Board members, that oversight responsibilities are performed efficiently and without any hindrance. They ensure that the positions adopted by the Board give rise to formal decisions, that are properly substantiated and recorded in the minutes of Board meetings, particularly where they relate to the approval of the financial statements, the budget, resolutions to be submitted to the Shareholders' General Meeting and important aspects of corporate life.