

REGULATION OF THE AUDIT COMMITTEE
OF
SPHERA FRANCHISE GROUP S.A.

CHAPTER I INTRODUCTION

Article 1- Scope of the Regulation

This Regulation establishes the main rules governing the organization, functioning and duties and responsibilities of the audit committee (the "**Audit Committee**") of Sphera Franchise Group S.A. (the "**Company**").

Article 2 - Structure

- 2.1** The Audit Committee is an advisory committee established by the board of directors of the Company.
- 2.2** The Audit Committee consists of a number of 3 members of the board of directors, of which one is elected President. All members of the Audit Committee are non-executive members of the board of directors.
- 2.3** The Audit Committee members must have appropriate experience to exercise their duties.
- 2.4** The Audit Committee carries out its activity in accordance with the provisions of the Company's articles of association, the board of directors' regulation and applicable law.
- 2.5** The mandate of a member in the Audit Committee starts on the date set out in the board of directors decision appointing a member in the Audit Committee and ends upon resignation/revocation of that person from the position as member in the Audit Committee or by termination for the respective person for whatever reason of his/her mandate as member of the board of directors.
- 2.6** The structure of the Audit Committee and any changes thereto shall be reported to the Bucharest Stock Exchange and to the Financial Supervisory Authority.

CHAPTER II ORGANIZATION

Article 3 – General

- 3.1** The Audit Committee convenes in regular or special meeting.
- 3.2** The Audit Committee assembles in regular meetings at least twice per year to analyze the audit report and/or the financial auditors' opinion on essential matters resulting from the financial audit/review procedures, as well as on the financial reporting process and to recommend measures that are required to be undertaken.
- 3.3** The Audit Committee assembles in special meetings whenever necessary to discuss and provide recommendations on matters related to the duties and responsibilities of the Audit Committee set out in this Regulation or when certain material findings are reported by the Company's financial or internal auditor to the Audit Committee.

Article 4 – Convening of the meeting

- 4.1** The Audit Committee meetings are convened and chaired by the President of the Audit Committee. The board of directors, the coordinator of the internal audit activity or the financial auditor may ask for the convening of the Audit Committee meeting.
- 4.2** When convening an Audit Committee meeting, the President may invite other specialists, experts and advisors, including the financial auditor, the coordinators of the internal control and internal audit functions, representatives of certain secondary units or subsidiaries of the Company, as he/she deems relevant to discuss and resolve on matters included on the agenda of the meeting.
- 4.3.** The Audit Committee's secretariat is provided by a person designated by the President.
- 4.4** The secretary of the Audit Committee will convene the members and invited persons at the request of the President of the Audit Committee, of the coordinator of the internal audit function or of the financial auditor. The convening of the Audit Committee members will be made by email and will include the date and place of the meeting and the proposed agenda, together with the supporting materials.
- 4.5** The agenda of the meeting shall be prepared by the President of the Audit Committee and shall be structured in three chapters:
- I. Materials for opinions / recommendations
 - II. Materials for Information
 - III. Miscellaneous/Others
- Under "Miscellaneous/Others" chapter of the agenda only topics that do not require an opinion or a formal recommendation are discussed.
- 4.6** The materials supporting the items on the agenda of an Audit Committee meeting as well as the items to be included on the agenda shall be made available to the secretary of the Audit Committee, by electronic mail, at least 5 (five) business days before the date fixed for the meeting
- 4.7** The materials supporting the items on the agenda of an Audit Committee meeting, together with the agenda shall be distributed by the secretary to the members of the Audit Committee and, in accordance with the President request, to guests of the meeting, by electronic mail, at least 3 (three) business days before the date fixed for the meeting; the guests will receive materials strictly related to matters for which their expertise is necessary.
- 4.8** For emergency matters justified and documented as such by the President, the minimum time limit for convening and provision of materials for the items on the agenda of the meeting may be waived. In this case, the Audit Committee members will meet/will deliberate on the same day they received the calling notice and documentation.

Article 5 – Quorum, voting, majority, minutes

- 5.1** The Audit Committee meeting is statutory assembled if at least 2/3 of the members are present. The decisions are adopted with a majority of at least 2/3 of the members of the Audit Committee.
- 5.2** The Audit Committee members may not delegate their voting right to another member or to a third party.
- 5.3** New items may be added to the agenda of the meeting during the meeting if all attending members agree to that unanimously.

- 5.4** For each meeting, the secretary will prepare minutes that will include: the members attending the meeting, the secretary, the agenda, discussions, opinions and recommendations adopted and the number of votes casted for each item on the agenda and, if necessary, dissenting opinions for each item on the agenda.
- 5.5** The minutes shall be prepared in English and Romanian languages and distributed by electronic mail by the secretary of the meeting to all Audit Committee members within 3 business days as of the date of the meeting. All minutes of the Audit Committee shall be reported to the Board of Directors
- 5.6** The minutes shall be recorded in the meetings' registry of the Audit Committee and signed by members of the Audit Committee attending the meeting and by the secretary.
- 5.7** The meetings of the Audit Committee shall be conducted in Romanian or in English language.
- 5.8** The secretary of the meeting shall transmit the decisions adopted by the Audit Committee as well as an extract from the minutes of the meeting to all functions and corporate bodies of the Company to whom such decisions are relevant within 3 business days from the date of the meeting.

CHAPTER III DUTIES AND RESPONSIBILITIES

Article 6 – Duties and responsibilities

- 6.1** The Audit Committee has the following duties and responsibilities:

Financial audit and financial reporting areas

- a) recommends to the board of directors the proposal to appoint and/or dismiss/replace the external financial auditor and the terms and conditions of its remuneration;
- b) monitors the independency of the external financial auditor and supervises the external financial auditor of the Company as well as the audit key-partner;
- c) endorses the financial audit scope and the frequency of audit engagements;
- d) reviews for the approval by the Board of Directors the Company's annual individual and/or consolidated financial statements and the proposal for the distribution of profits;
- e) receives and reviews the external financial auditors' reports;
- f) oversees the activity of the external financial auditor of the Company and the financial reporting process within the Company and makes recommendations to the board of directors;
- g) reviews, following an active dialogue with the external auditor, any disclosed relationships and services rendered by the external financial auditor that may impact its objectivity and makes appropriate recommendations to the board of directors

Internal audit area

- h) oversees the activity of the internal auditor function of the Company;
- i) oversees the effectiveness of and makes recommendations on the internal control, internal audit and risk managements systems within the Company;
- j) checks whether the executive directors takes necessary corrective actions to address the deficiencies identified in the internal control area, as well as other issues identified by the internal auditor;
- k) endorses the internal rules of the Company's internal audit function;
- l) endorses the Company's annual audit plan, as appropriate, and the necessary resources for this

- activity and provides recommendations to improve the internal audit activity;
- m) recommends to the board of directors the approval of the annual internal audit plan;
 - n) examines the significance of recommendations made in internal audit reports and, where there are differences of opinion between the internal auditors and the Company's executive directors, issues opinions and recommendations;
 - o) makes recommendations to the Board of Directors on the Company's internal control function strategy and policy;

Other areas

- p) reviews the conflicts of interest policies of the Company;
- q) issues a mandatory opinion with respect to any transaction of the Company with its related parties that is equal to or more than 5% of the net assets of the Company (as stated in the latest audited financial statements);
- r) save for the mandate agreements which are concluded by the Company with the directors/executive directors, issues a mandatory opinion with respect to any transaction of the Company with its directors/executive directors which is equal to or exceeds EUR 50,000 (or its RON equivalent).

6.2 In order to adequately perform their duties and responsibilities, the Company acting through its Chief Financial Officer or Chief Executive Officer is required to give the members of the Audit Committee access to any relevant information or records concerning the Company.

Article 7 – Reporting

7.1 The financial auditor of the Company is required to report to the Audit Committee any essential matters resulting from the audit mission and, in particular, any material weaknesses in the internal control system with respect to the financial reporting process.

7.3 The Audit Committee will regularly report to the Board of Directors on its activity.

This regulation enters into force as of the date when the shares issued by the Company are admitted to trading on the regulated market operated by the Bucharest Stock Exchange

Approved by the Board of Directors on 6 October 2017.