

REGULATIONS OF THE BOARD OF DIRECTORS
OF SPHERA FRANCHISE GROUP SA("the Company" or "Sphera")
- updated November 11th 2022 -

Article 1. Preamble

- (1) The Company's Board of Directors ("**the Board**") adopted the hereby regulations ("**the Regulations**") on May 24, 2017, and updated it pursuant to the Resolution of the Board no. 4 of November 11th, 2022, with a view to establish the rules of its organization and operation as part of the corporate governance of the Company.
- (2) The Company undertakes to observe the Company's Articles of Incorporation ("**the Articles of Incorporation**") and the applicable law. If there are any discrepancies between the hereby Regulations and the applicable law or the Articles of Incorporation, the provisions of the applicable law, respectively those of the Articles of Incorporation will prevail.

Article 2. Board members

- (1) The members of the Board are determined in conformity with the Articles of Incorporation.
- (2) The Company operates under the one-tier board system. At the update of the hereby Regulations, the Board is comprised of 5 (five) members, of which at least one member is an independent director, each elected according to the provisions of the Articles of Incorporation.
- (3) The majority of the Board members are non-executive directors.
- (4) The Board is appointed by the General Meeting of Shareholders ("**the GMS**") for a period of 4 (four) years, except the initial members of the Board, who have a mandate of 2 (two) years from the Company incorporation date. The members of the Board can be revoked by the GMS.
- (5) Each Board member will conclude a management agreement with the Company, represented by the person appointed by the shareholders. The agreement will stipulate the rights, obligations and duties of the respective member in relation to the Company, as well as the remuneration they receive for said position.

Article 3. The role of the Board

- (1) The role of the Board is to fulfill all actions useful and necessary for achieving the Company's object of activity, including concerning branch management or Company investments, except the duties assigned to the GMS by law or by the Articles of Incorporation. The Board fulfills its duties skillfully and carefully, in conformity with the applicable legislation and regulations, with the Articles of Incorporation, with the agreements concluded with each director and with the hereby Regulations.
- (2) The Board has the following duties that cannot be assigned to the General Manager and/or other managers:

- (a) Establishes the main activity and development directions of the Company;
 - (b) Establishes the accounting policies and the financial audit system and approves the financial planning;
 - (c) Appoints and revokes the General Manager and, as the case may be, the Company managers, establishes their powers and responsibilities, approves the management agreement to be concluded with them, oversees their activity and decides their remunerations;
 - (d) Drafts the annual report, approves the annual and interim individual/consolidated financial statements of the Company, prepares the business plan and the income and expense budget for the following year, organizes the general meetings of shareholders and implements the resolutions adopted by the general meetings of shareholders;
 - (e) Submits the claim to start the insolvency proceedings against the Company;
 - (f) Fulfills the duties assigned to the Board of Directors by the GMS, as established under Article 9.4 of the Articles of Incorporation;
 - (g) Decides to establish or close the Company's secondary offices without a legal personality, located in Romania or abroad, and appoints or revokes their managers;
 - (h) Except for contracts whose approval falls within the competence of the extraordinary general meeting of shareholders, approves and/or ratifies, as applicable, any contract entered into by the Company and/or any of the Company's subsidiaries, where each such contract, individually or in the aggregate, has an annual value exceeding 200,000 EUR;
 - (i) Except for loan agreements whose approval falls within the competence of the extraordinary general meeting of shareholders, approves any credit or loan agreement entered into by the Company with an individual value exceeding 200,000 EUR;
 - (j) Approves the Internal Regulations of the Board of Directors;
 - (k) Represents the Company in relation to the General Manager and to the Company managers, as the case may be;
 - (l) Convoques the general meetings of the Company shareholders.
- (3) The Board also has the following duties that cannot be assigned to the General Manager and/or other Company managers:
- (a) Approves the general strategy of the Company, within the limits set by the general meeting of shareholders;
 - (b) Approves significant changes to the business model and the expansion of the

Company to any industries, within the limits set by the general meeting of shareholders;

- (c) Approves significant changes to the organizational chart of the Company, following the recommendation of the General Manager, ensuring that the structure can provide cautious risk management, efficient control mechanisms, operational efficiency and sustainable profitability;
- (d) Approves key policies applicable within the Company with a view to increasing operational efficiency;
- (e) Makes proposals to establish and liquidate branches or to start or stop operations in any country, following the recommendation of the General Manager and within the limits set by the general meeting of shareholders;
- (f) Approves the acquisition of shareholding in other companies, the issuance of shares and bonds for any branches, as well as any other decisions with a view to exercising the rights granted by the shares held in the branches, observing the limits set by the general meeting of shareholders;
- (g) Receives and analyzes the periodic reports from the Audit and Risk Committee, after its establishment, on the adequacy of the internal control systems of the Company and the general risk management framework;
- (h) Recommends to the GMS to elect or revoke the external auditor following the proposal made by the Audit and Risk Committee;
- (i) Proposes candidates for the position of member of the Board of Directors following the recommendation of the Nomination and Remuneration Committee, after its establishment;
- (j) Elects the Chairman of the Board from the Board members;
- (k) Appoints the Secretary of the Board;
- (l) Assesses the performance of the Company managers. The Board will approve their remuneration according the fulfillment of the preset performance criteria, following the recommendation of the Nomination and Remuneration Committee, after its establishment;
- (m) Makes proposals to the GMS concerning the Board's remuneration and allowances, following the recommendation of the Nomination and Remuneration Committee, after its establishment;
- (n) Approves the convocation of the general meeting of shareholders, including agenda-setting and approval of the materials related to any proposed agenda item;

- (o) Approves the internal regulations of the Board's advisory committees.

Article 4. Organization and Chairman of the Board

- (1) The Board Chairman and Vice Chairman will be elected by the Board from its members.
- (2) In the event that the Chairman of the Board cannot fulfill its duties and responsibilities to the Company, the Vice Chairman of the Board will temporarily take over said duties and responsibilities. In the event that the Vice Chairman cannot fulfill these duties and responsibilities either, the Board will decide who will take them over temporarily until the Vice Chairman, respectively the Chairman of the Board can resume the exercise of said duties and responsibilities.
- (3) The Chairman of the Board ensures that the activities of the Board are carried out efficiently and that the Board fulfills its responsibilities. Particularly, the Chairman of the Board:
 - (a) coordinates the activity of the Board and reports on it in the general meeting of shareholders;
 - (b) oversees the operation of the Company's corporate bodies;
 - (c) convokes Board meetings, sets the agenda, oversees the adequate communication of information relative to the agenda items to the Board members and presides over the meetings;
 - (d) ensures that the Board meetings take place in an efficient and effective manner and that the agenda of the Board meetings is observed accordingly;
 - (e) when necessary, organizes informal meetings of the Board members, the Company's executives and advisors, with the aim of facilitating the thorough preparation for the Board meetings and discussions;
 - (f) regularly gets in touch with the General Manager, maintaining a close and constructive professional relationship;
 - (g) monitors the correct implementation of the Board resolutions;
 - (h) leads the meetings of the Board with the shareholders and other key persons within the Company;
 - (i) makes sure that the Board performs an annual self-assessment of its efficacy and implements the necessary improvements.

Article 5. The Board's Committees

- (1) In order to increase the efficacy of its activity, the Board will establish the following committees:

- (a) The Nomination and Remuneration Committee (NRC);
 - (b) The Audit and Risk Committee (ARC); and
 - (c) The Strategy and Corporate Governance Committee (SCGC).
- (2) The Committees assist the Board by drafting recommendations on the duties that fall within the competence of the Board. The Board establishes written regulations for the activity of the committees. The members and chairmen of the respective advisory committees are elected by the Board.
- (3) The minutes of the meetings of Board committees and the documents on which said minutes are based will be made available to all Board members. With the approval of the Chairman of the committee, directors who are not members of any Board committee may also participate to the meetings of Board committees, but cannot vote in them.

Article 6. Board meetings

- (1) The Board meets in periodic meetings convoked by the Chairman of the Board at least every three months. The meetings are notified to the Board members at least seven (7) calendar days before the date proposed for the periodic meeting. The dates of the periodic Board meetings for the current calendar year will be set by the Board of Directors in January of every calendar year.
- (2) When necessary, special meetings of the Board may be convoked by the Chairman of the Board of their own initiative or at the proposal of at least two (2) Board members or the General Manager, in any case at least two (2) calendar days before the meeting date.
- (3) The General Manager and the other Company managers participate to the Board meetings, if convoked, without having the right to vote, with the exception of managers who are also Board members. The Chairman of the Board may also invite other individuals, including branch directors or management, to attend the Board meetings fully or partially, according to the agenda, and without the right to vote. The Chairman of the Board may decide at any point that any person who is not a Board member must leave the Board meeting.
- (4) The agenda of each Board meeting is established by the Chairman of the Board, after consulting the General Manager and the Board members. In the event that the Board meeting is convoked at the request of at least two Board members or the General Manager, said Board members or the General Manager who requested the convocation of the meeting will propose the agenda and will prepare and transmit the materials relative to each item proposed for the agenda.
- (5) The notices to attend the Board meetings must be sent in writing by delivery service, fax, registered mail or email, in any case with an acknowledgement of receipt, and

must specify the date, time and place of the meeting, as well as the agenda proposed and the relevant materials and any other documents that the Chairman of the Board deems necessary to the meeting, in the first or the second convocation. The Board meeting may be held at any time without a notice to attend if all Board members are present or if the members who are not present expressly waive in writing the requirement to receive the notice to attend.

- (6) The Board may adopt resolutions by any of the following means of communication:
 - (a) Direct participation of members to the meeting, be it personally or by representative, at the place stipulated in the notice to attend or at the agreed meeting location, both for a meeting convoked with the fulfillment of the convocation formalities and a meeting convoked by waiving the convocation formalities;
 - (b) The members may participate to the meeting by any of the following distance communication means: phone or video conference, with the fulfillment of the technical requirements for the participants' identification, the effective participation of the members to the Board meeting and the continuous retransmission of the deliberations. In this case, the content of the minutes drafted after such meeting must be confirmed in writing by all Board members who participated to the meeting;
 - (c) Without the Board meeting, by mail, in exceptional cases, justified by the urgency of the situation and the interest of the Company, by unanimous written vote of all Board members. The urgent nature is decided with grounds by the Chairman of the Board and the arguments justifying the emergency are stipulated in the preamble of the resolution adopted by mail. Resolutions on the annual financial statements or the authorized capital cannot be adopted by mail.
- (7) The Board meeting is legally convoked if at least three (3) Board members are present or represented and the resolutions may be taken by the affirmative vote of the majority of the Board members present or represented in the meeting. In the event of a voting tie, the vote of the Chairman of the Board is the casting vote.
- (8) The Board members may be represented in the Board meetings only by other Board members empowered by a special power of attorney. A present member can only represent one absent member.
- (9) Minutes stipulating the participants' names, the agenda, the discussions had on the agenda, the resolutions taken, the voting process and any separate opinion are drafted for every meeting. The minutes are recorded in the registry of Board meetings and are signed by the Chairman of the Board or by the person presiding the meeting, by another member of the Board present to the meeting and by the meeting Secretary.
- (10) All confidential information provided during the Board/committee meetings or during any other formal or informal meetings of the Board members, regardless whether third parties participated to the respective meetings, is confidential information and cannot be

disclosed to third parties except otherwise previously agreed in writing by the Board. The confidentiality of the respective information must be ensured.

Article 7. Interaction of the General Manager with the Board and duties assigned to the General Manager

According to Article 17 (2) of the Articles of Incorporation, the Board appoints the General Manager of the Company to manage the Company. In the event that the Board appoints other managers aside from the General Manager, certain duties may be assigned to said managers. This Board Regulation defines the relation between the Board, the General Manager and the other managers who were assigned Company management duties.

- (1) The General Manager and the Board will work together in the interest of the company; in principle, the cooperation between the General Manager and the Board consists of, but is not limited to, notifying critical issues transparently and in due time, justifying the proposals and resolutions and taking into consideration the other party's arguments before taking final decisions on important matters. To this end, the General Manager participates to all Board and/or committee meetings, with the exception of situations when the items on the agenda are explicitly defined as being of interest only to the Board.
- (2) The General Manager is responsible for the performance of the Company's current activity within the limits set by the Board's resolution, the provisions of the hereby Articles of Incorporation and the applicable law.
- (3) The General Manager has the obligation of regularly presenting comprehensive reports to the Board on the managers' activity and the management plans, as well as on any issues concerning the Company's organization and operation identified by the General Manager or by the other managers during the exercise of their duties.
- (4) The General Manager and the other Company managers have the obligation of providing the Board with any Company management document or information requested by the Board.
- (5) The General Manager also has the following duties:
 - (a) Fulfilling the performance objective and the strategic resolutions for the Company and its branches;
 - (b) Presiding the managers' meetings, as necessary;
 - (c) Coordinating the managers, including setting priorities and the content of the actions to be fulfilled with a view to fulfill the general Company objectives and the objectives set out by the Board for the managers. To this end, the other managers report, on demand, to the General Manager concerning the fulfillment of their company management duties.
 - (d) Makes proposals to appoint and revoke members of the Boards of Directors of the Company branches;
 - (e) Approves all agreements concluded by the Company, with the exception of

agreements whose approval falls within the competence of the extraordinary general meeting of shareholders or the Board.

- (6) All Company managers will provide support to the General Manager so that they can carry out their duties and reach an overall level of good Company performance.
- (7) In relation to third parties, the Company is represented and committed by the signature of the General Manager – sole signature.
- (8) In the event that the Board appoints other managers, the Company is represented and committed by the sole signature of any managers who has duties assigned by the Board.
- (9) The Company's representation power may be transferred pursuant to a power of attorney issued by the person with representation power.
- (10) All persons with the right to represent the Company in relation to third parties will be registered at the Trade Register Office.
- (11) The Board may revoke the General Manager and/or other Company managers at any moment. The revocation will be justified in the event that the General Manager and/or the manager, among others: (i) does not exercise its powers and duties within the limits set by the Board; (ii) does not fulfill the tasks set out by the Board; (iii) does not manage the Company in good faith and in the interest of the Company; (iv) does not comply with the applicable restrictions in cases such as conflict of interest.
- (12) At the initiative of the Board, other managers aside from the General Manager may be appointed. In this case, the provisions of Articles 18.1-18.8 of the Articles of Incorporation apply to all managers appointed by the Board.
- (13) Managers will periodically notify the Board members on key aspects relative to the Company's business, corporate governance, management and regulation aspects.

Article 9. Board assessment

- (1) Under the coordination of the Chairman of the Board and in conformity with good practices, the Board will carry out an annual self-assessment of its performance and the performance of its committees and will present a summary of the results of this assessment to the general meeting of shareholders who approve the annual financial statements of the Board. The NRC is responsible for overseeing the annual assessment of the Board and may be assisted by external advisors, if necessary.
- (2) Directors will meet at least once per year, in the absence of the Chairman of the Board, to assess the performance of the Chairman of the Board.

Article 10. Secretary of the Company

- (1) The Secretary of the Company ensures that the management bodies observe the

internal corporate policies and rules and amends said rules and policies or establishes new ones, if necessary.

- (2) The Secretary of the Company contributes to ensuring the observance of all relevant regulation requirements, both national and international, by the Company's management bodies. Thus, the Secretary of the Company often acts as an advisor for the Board and the General Manager on regulation requirements, listing rules and legislation on corporate governance. The Secretary of the Company may also identify deficiencies concerning corporate governance and proposes solutions to remedy them.
- (3) The main responsibilities of the Secretary of the Company are:
 - (a) Notifies the board on matter regarding governance;
 - (b) Plans the Board meetings, contributes to preparing the agenda, offers guidance concerning the content of the documents drafted by the Board, ensures the timely submission of documents, records the resolutions of the Board clearly and correctly, carries out monitoring actions and reports on problems which arise;
 - (c) Drafts the minutes of the Board and committee meetings;
 - (d) Facilitates information flow among Board members and creates the conditions for an efficient collaboration between the General Manager or other Company managers and the Board members;
 - (e) Contributes to the development and execution of performance assessments of the Board;
 - (f) Manages the convoking and organization process for general meetings of shareholders, in conformity with the requirements of the law and the regulations;
 - (g) Coordinates the drafting, preparing, printing and distribution of the annual Company report and ensures that the report contains all information which must be reported concerning corporate governance.
- (4) The Secretary of the Company is appointed and dismissed by the Board, at the proposal of the Chairman of the Board.
- (5) The Secretary of the Company is liable to the Board and reports directly to the Chairman of the Board on the fulfillment of its duties.

Article 11. Conflict of interest

- (1) Board members will act in good faith to the benefit of the Company, without promoting their personal interests, those of their affiliates and those of any third party. The Board members will be diligent in avoiding conflict of interest.
- (2) Board members will disclose annually to the Board their main positions and professional activities outside the Company, as well as any information on the relation with any Company shareholder who directly or indirectly holds more than 5% (five percent) of the voting rights conferred by the actions issued by the Company.
- (3) At the beginning of relevant Board meetings, Board members have the responsibility of declaring any current or potential conflict of interest and to refrain from Board

deliberations on matters and transactions on which there are such conflicts of interest. The members in question will not participate to debates or to the adoption of resolutions relative to which they believe they have a conflict of interest. In the event the Board meeting cannot be held in the absence of the member in a conflict of interest, said member will be eliminated from the calculation basis of the quorum.

The hereby Regulations, in an updated form, come into force on November 11th , 2022.

Lucian HOANCA
Chairman of the Board
of
Sphera Franchise Group SA