

stories were awarded on September 8, on Oilmen's International Day.

The Driving Values also offer an opportunity for our employees to be rewarded for their performance and excellence at work. Therefore we aimed at increasing the levels of engagement of our employees by demonstrating, through firm recognition, that living the values is appreciated by all of us.

For several months, an internal campaign, organized as a competition sought out examples of the values in action with the message 'the best in us'. People had been invited to nominate their colleagues or teams that embodied the spirit of the values. At the Annual General Meeting, we awarded 9 'the best in us' awards for employees living the Driving Values. We also celebrated 'the best in us' Champion, a colleague who demonstrated to apply in her/his work a combination of all three company values in day-to-day activities, and 'the volunteer of the year', a colleague who was involved in volunteering activities during 2009.

Corporate Governance

A decision making process which is transparent and relies on clear and objective rules enhances stakeholders' confidence in the company. It also contributes to the protection of shareholders' rights, improving the overall performance of the company, offering better access to capital, and risk mitigation. Petrom has therefore always attached great importance to the principles of good corporate governance and has constantly aimed at adhering to the applicable Code of Corporate Governance.

As of April 2007, our company's governance has followed the two-tier system, comprising of an Executive Board, which manages the daily operations, and a Supervisory Board elected by the shareholders to act as a monitoring body. The powers and duties of such corporate bodies are detailed in the company's Articles of Association, available on our website, Corporate Governance Section, and in the relevant internal regulations.

The approval requirements, powers of individual Executive Board members, procedures and the approach to conflicts of interest are governed by the Internal Rules of the Executive Board. The Internal Rules of the Supervisory Board contain detailed procedures for the treatment of conflicts of interest and own account dealing on the part of the members of this corporate body. Other provisions regarding the operation of the two corporate bodies are included in both sets of rules, complementary to those already existing in the Articles of Association. This entire regulatory framework which applies to Petrom's governance system was revised at the end of 2009 so as to take into consideration the latest developments in domestic and European corporate legislation, but also to address the expiry of some clauses included in the Privatization Agreement of Petrom.

In accordance with the principles of good corporate governance, Petrom is managed in a climate of openness, based on honest discussions between the Executive Board and the Supervisory Board, as well as within each of these corporate bodies. Members of the aforementioned corporate bodies have a duty of care and loyalty towards the company. Hence, the Executive Board and the Supervisory Board pass their resolutions without conflict of interests, as required for the welfare of the company, primarily in consideration of the interests of shareholders and employees.

The Executive Board coordinates the strategic orientation of Petrom with the Supervisory Board and reports to the latter regularly, in a timely and comprehensive manner, about all relevant issues concerning the course of business and strategy implementation. In this context, any deviation from expected performance, as well as circumstances which are of considerable importance for the profitability and liquidity of the company are immediately communicated to the Supervisory Board. As required by the Companies Law, none of the Supervisory Board members holds an executive position in the company. Moreover, some of the Supervisory Board members were identified as meeting the independence criteria of the Companies Law, having no connection with core shareholders.

Commitment to good governance

An Audit Committee comprised of four Supervisory Board members was established to provide assistance to the governing bodies of Petrom in the area of internal control and financial reporting. This committee is in charge of preparing the adoption of the annual accounts and the proposal for profit distribution. Moreover, the committee supervises Petrom's risk management strategy and its financial performance, and examines the reports of the internal auditors. In line with the Companies Law, the Audit Committee also includes members that have the necessary expertise in the area of financial audit and accounting. Furthermore, at least one of the committee members meets the independence criteria laid down by the Companies Law. In 2009, the Executive Board held its meetings almost every week in order to exchange essential information about the daily operation of the company and take decisions on all matters requiring its approval. During the reporting period the Supervisory Board met seven times. Additionally, in urgent cases, both the Executive Board and the Supervisory Board took decisions by circulation, without an actual meeting being held. Three meetings of the Audit Committee were held during the year under review.

Rights of the company's minority shareholders are properly protected according to the relevant domestic legislation. Hence, an extraordinary general meeting must be convened at the request of shareholders holding at least 5% of the shares. Such shareholders can also submit resolutions to the general meeting. All duly registered shareholders are entitled to attend general meetings in person or by proxy representation and vote during the actual meeting or by correspondence. Petrom actively promotes the participation of its shareholders in the general meetings as they are invited to raise questions concerning items to be debated during such meetings.

Performance Culture

In a market characterized by volatility and uncertainty, with challenges present every step of the way, making the most of the potential one

company has can be a complex and challenging task. Over the past years, our company has gone through a restructuring process that has enabled us to increase our performance. To reach our ambitious future goals, we constantly adapt the way we think and behave to reach a performance culture shared across the whole organization. Petrom aspires to transform its organizational culture into a 'Performance Culture', where we consider that our people are our best resource. A strong company truly progresses when its people are focused on the same objectives, they share the same values and have the same vision. We believe one of Petrom's key assets is the management team. This is why, at this point, we focus our attention on developing the managerial capabilities of our people, as an important element of a performance culture.

Through various projects we develop a performance-oriented culture, as we aim at creating a common spirit and increasing the support for our managers. In organizational life, to achieve results depends to a great extent on the ability to work with other people. In this respect, extensive analyzes and research were conducted in 2009 and debate groups were organized, where the current culture was analysed in detail.

We believe that in a performance oriented culture, the company's strategic objectives are known by all employees, decisions are made responsibly, people work efficiently in a team and they feel respected and appreciated for results achieved. And, last but not least, efforts put forth in identifying a problem and suggesting good ideas to solve it are appreciated and rewarded.

Outlook 2010

In 2010, we will further analyze and develop the key areas of performance culture mentioned above, with focus on:

- ▶ **Objectives.** We aim to create an optimum environment where people can transform objectives into concrete actions.
- ▶ **Processes.** We analyse processes in order to reduce the administrative assignments managers have. This will lead to faster approvals and will provide transparency and