

**INTERNAL RULES OF THE DIRECTORATE
Of the National Power Grid Company
Transelectrica SA**

Section 1- General provisions

Article 1- (1) The National Power Grid Company Transelectrica SA, Romanian legal person seated in Romania, Bucharest City, Blvd. Gheorghe Magheru 33, sector 1, recorded in the Trade Register under no. J40/8060/2000, single registration code 13328043, (hereinafter called "*Company*") is a joint stock company organised and running in accordance with the Romanian law (hereinafter called "*Applicable Law*") and with the Company's Articles of association approved by the Shareholders' general assembly (hereinafter called "*Articles of association*"). Any reference of these Internal Rules to the Articles of Association takes into account the articles of association in force upon their application.

(2) The Company is managed under two-tier system in accordance with the Company law 31/1990, republished, as later amended and added (hereinafter called "*Company law*") by a directorate, under supervision of a supervisory board. Any person or public or private entity which does not belong in the governing bodies is forbidden to interfere in decision making with respect to the Company's current activities and daily operations.

Article 2- (1) The Company has been listed with the Bucharest Stock Exchange since 29.08.2006, being thus subject to the provisions of the capital market legislation in its capacity of issuer of securities, namely Law 24/2017 on the issuers of financial instruments and market operations, Law 297/2004 on the capital market, the Regulations of the National Securities Commission and of the Financial Supervisory Authority, as well as the subsequent norms and regulations of the Bucharest Stock Exchange (hereinafter called "*Legislation and regulations of the capital market*").

(2) The Company is the Romanian transmission and system operator, playing a key role on the electricity market of Romania. Electricity transmission and system services constitute activity subjected to licensing by the National Regulatory Authority in the Energy domain, according to the stipulations of the Electricity and natural gas law 123/2012, with later amendments and additions (hereinafter called "*Law 123/2012*"). Law 123/2012 provides the conditions for the certification of the transmission and system operator, such conditions being implemented at statutory level through the Articles of Association.

(3) The Company is a *public enterprise* in the sense of article 2, pt. 2 let. b) from Governmental Emergency Ordinance 109/2011 *on the corporative governance of public enterprises*, with later amendments and additions, being applicable the provisions of this normative act and those of the application norms approved by Decision 722/2016 *approving the Methodological Norms for the application of certain provisions from Governmental Emergency Ordinance 109/2011 on the corporative governance of public enterprises* (hereinafter called "*OUG 109/2011*"), as the Romanian State is the majority shareholder of the Company.

Article 3- (1) This document establishes the framework for the organisation and running of the Company's directorate (hereinafter called "*Directorate*") in the application of attributions

and responsibilities determined by the Company law, the Legislation and regulations of the capital market, Law 123/2012, OUG 109/2011, other provisions of the Applicable Law, as well as of the Articles of Association.

(2) The governing bodies of the Company, the Directorate and the supervisory board (hereinafter called "Supervisory Board") carry out their activities usually in the Company's secondary headquarters of Romania, str. Olteni 2-4, Platinum Centre Building, Bucharest 3.

Section 2- Directorate Organisation; Registers

Article 4- (1) The Directorate has 5 (five) members that are appointed in accordance with the Applicable law.

(2) The Supervisory Board appoints one of the Directorate members as Directorate chairperson (alternatively called Executive Director General or Chief Executive Officer – CEO – of the Company), chairperson that convenes and chairs the Directorate meetings and is also responsible for the good organisation of Directorate activities as collective managerial body, in view of carrying out the attributions and responsibilities devolving, namely are on behalf of this collective body according to the Applicable Law and the Articles of Association.

(3) To provide typewriting and dissemination of documents for Directorate meetings, as well as the necessary registrations, a secretariat for Directorate meetings runs besides the Directorate (hereinafter called "Secretariat") designated from Company employees by the Directorate chairperson.

Article 5 (1) By the chairperson's and Secretariat's care the Directorate keeps the following registers and registrations:

- (i) *Register of Directorate meetings and deliberations from such meetings*, where meeting minutes are added;
- (ii) The audio registrations of meetings and deliberations from Directorate meetings;
- (iii) *Electronic register of Directorate decisions*, which will keep electronic account of all decisions resulting from deliberations and the exercise of the voting right at the Directorate meetings held in accordance with these Internal Rules, as well as of *all decisions taken by the Directorate based on the unanimous written agreement of its members without meeting*.

(2) The Company by the Directorate's care will also keep the *Register of shareholders' general assembly reunions and deliberations*, as well as any other registers provided in the Applicable Law.

(3) Delegations within the Directorate and of the chairperson's and Directorate members' activities will be registered in the *Electronic register keeping track of the competence delegations issued by the Directorate, as well as the delegations of representation capacities issued by each individual Directorate member* (hereinafter called "Register of Delegations").

Section 3- Company running by the Directorate and its control by the Supervisory Board; Approval of operations and Company representation; Attributions and responsibilities

Article 6 (1) The Directorate carries out all necessary useful deeds in order to achieve the Company business, except for what the law reserves on behalf of the Supervisory Board

and the shareholders' general assembly, as Company management is not its exclusive task according to the Applicable Law.

(2) The Directorate exercises its attributions under control of the Supervisory Board and should:

- (i) Provide to the Supervisory Board, at least once every 3 (three) months, written reports about the Company management, Company activities and the possible Company development;
- (ii) Provide Company-wide reporting procedures and the organisational conditions necessary to carry out the control and verification attributions on the Supervisory Board's behalf.

Article 7- (1) The Directorate **runs the Company, approves all Company operations,** others than those provided into the competence of the shareholders' general assembly **and it represents the Company in relation with third parties and in justice.**

(2) The Directorate is obliged to obtain the Supervisory Board's agreement for the following types of operations:

- a) Procurement of products, services and work, regardless of term, amounting to more than 5,000,000 Euro;
- b) Operations pertaining to the provision of transmission services, system services and administration of the electricity wholesale market; collecting the contribution for high efficiency cogeneration; bonus payment and returning the overcompensation / undue bonus; RET connections; providing the coexistence conditions; freeing up the land and making such work; technical consultancy and project management for such work; sale-purchase of lands necessary for the new installations according to RET connection contracts, and the lands necessary for access ways to such installations; constituting use, servitude, surface, utilisation rights in favour of Company, and of any consequence over the lands impacted by the new installations according to RET connection contracts, as well as any other operations performed for the good operation of the Company's business in accordance with applicable regulations, amounting to more than 10,000,000 Euro;
- c) Initiating, solving, exercising, giving up certain claims, dispute, arbitration amounting over 500,000 Euro;
- d) Commitments involving important liabilities for the Company, except for the operations provided in letters a) and b), amounting to more than 5,000,000 Euro;
- e) Any free of charge act, including any sponsorships and donations offered by the Company, amounting individually to more than 100,000 Lei;
- f) Setting up or dissolving secondary offices of the Company, in the country or abroad (branches, representation offices, agencies or similar units without legal personality). In case of all the operations mentioned above the Company Directorate will be able to approve the respective operation only when the Board's agreement has been obtained, and assuming a denial the Directorate has got the possibility to ask the agreement of the Shareholders' general ordinary assembly that will decide as per legal terms.

(3) The Directorate will represent the Company in accordance with the terms of the Articles of Association, usually by means of the joint signature of two persons, of whom one is the Directorate chairperson (Executive Director General).

(4) The domain of Directorate duties, competences, attributions and responsibilities results from its capacity of Company ruler and legal representative, being as determined by the Applicable Law, the Articles of Association and these Internal Rules.

Section 4- Duties of Directorate members when exercising their mandate

Article 8 (1) Directorate members exercise their mandate using the cautiousness and diligence of a good administrator, while also having loyalty duties to the Company. A Directorate member observes this obligation if, when taking a business decision as defined by the Company law, he/she is reasonably entitled to consider he/she acts in the Company's interest based on proper information.

(2) Directorate members should exercise their mandate loyally in the Company's interest and keep the confidentiality of received documents and information during their mandate and after its expiry, until such documents and information become public, and they should strictly comply with the rigours of the capital market legislation and regulations with respect to privileged information.

(3) Directorate members are responsible to carry out all obligations provided in the Applicable Law, the Articles of Association and these Internal Rules. Directorate members are answerable to the Company as per legal terms for the prejudice caused by deeds of its employees (wage-earning persons) and/or in relation with the fulfilment of job attributions, when the damage would have not occurred should they have exercised the supervision required by the duties of their position.

Section 5- Avoiding the conflicts of interests in the Directorate; Incompatibilities; Integrity

Article 9 (1) Directorate members will take decisions in the Company's interest and will not participate in the debates or decisions that create a conflict between their personal interests and the Company's or the interests of subsidiaries controlled by the Company.

(2) Directorate members are obliged to notify the other Directorate members and the internal auditors and refrain from taking part to a deliberation regarding the specified issues in case:

- (i) In a certain operation they have direct or indirect interests contrary to the Company's interests;
- (ii) In a certain operation their spouse, their relatives or in-kinds up to the 4th degree inclusive is interested.

(3) Directorate members that have not complied with the provisions of para (2) answer in legal terms for the damages caused to the Company.

(4) The Directorate implements Company-wide:

- (i) Proper operational solutions in order to facilitate adequate identification and settlement of situations when a Directorate member or an employee with managerial position in the Company has a material interest in his/her own name or in the name of third parties in a certain operation or transaction;
- (ii) Procedures to approve and implement the transactions concluded by the Company or its subsidiaries with *stakeholders*, as such persons are defined in the capital market Legislation and regulations;
- (iii) The best practice to provide substantial procedural correctness of transactions with *stakeholders* (self-transactions), using to this effect the criteria set or recommended by the capital market Legislation and regulations.

Article 10- (1) Directorate members can be Company shareholders but cannot be Supervisory Board members and neither can they cumulate the capacity of Directorate member and Company employee.

(2) During the Directorate member mandate the appointed persons should comply with the eligibility criteria and not be found in any of the incompatibility circumstances established by the Applicable Law or the statutory provisions in force. In correlation with this obligation the Company is entitled to ask from Directorate members a reasonably necessary assurance with respect to the compliance with such obligations.

(3) In case during the mandate term of Directorate member an incompatibility circumstance occurs or an eligibility principle is no longer complied with, the respective Directorate member is obliged to notify expressly the Supervisory Board's chairperson or the Board member designated to replace the chairperson, as well as the Directorate chairperson and to give up the mandate forthwith.

(4) In the sense of this article10, "eligibility criteria" mean all the conditions provided in the Applicable Law, both the general ones and those specific to the Company when appointing a person as Directorate member in the Company and holding such capacity.

Section 6- Directorate running; Convocation; Meetings; Directorate decisions

Article 11- Convocation; Convocation content and transmission

(1) The Directorate meets at regular intervals (weekly), as well as every time it is necessary.

(2) Directorate meetings will be convened by the Directorate chairperson as follows:

- (i) Upon the initiative of the Directorate's chairperson who also establishes the agenda;
- (ii) Upon request from the Supervisory Board when exercising control and verification attributions assigned to the Supervisory Board, request accompanied by the agenda, provided the items proposed for Directorate debate are in the competence of this managerial body;
- (iii) Upon the motivated request of any two Directorate members, request accompanied by the agenda.

(3) Directorate meetings will be convened in writing by notification (inclusive of electronic invitation) transmitted to all Directorate members at least 3 (three) calendar days before the date proposed for the meeting. The above notification term will not include the transmission day or the date when the meeting is scheduled.

(4) Assuming convening requests according to items (ii) and (iii) of paragraph (2) above the Directorate meeting will be convened so as to take place in maximum 3 (three) calendar days from the date when the Directorate chairperson receives the request. The term specified above will not include the transmission day and the date when the meeting is scheduled.

(5) The Directorate chairperson's attribution specified in paragraphs (2)-(4) above will be carried out, should he/she be absent, by the Directorate member replacing him/her based on express mandate from the chairperson.

(6) The convening notice for a Directorate meeting will be transmitted to each Directorate member in writing to the address, electronic mail address or fax number of such Directorate member. Each Directorate member is obliged to notify the Company in writing about any change in his/her contact data and cannot oppose the Company any mistake regarding the notification if the change in the contact data has not been notified in this manner by the Directorate member.

(7) The notification about the Directorate meeting will mention the date and time of such meeting as well as its organisation in the Company offices (except when the convening notice specifies another place, in which case the address will be also provided). The notification of the Directorate meeting will also specify the agenda and will be accompanied by the documentation related to agenda items, which will be discussed at the meeting (hereinafter called "Support materials").

(8) The chairperson will receive the Secretariat's assistance when convening Directorate meetings.

(9) The Directorate chairperson, during his/her absence from the headquarters where the Company's governing bodies perform their activity, can delegate a Directorate member the fulfilment of attributions to convene Directorate meetings. The delegation document will be registered in the Delegation Register before convening the meeting.

Article 12- Holding the Directorate meetings; Writing down the debates; Registrations

(1) Directorate meetings will be held on the date, time, place and agenda as specified in the convocation. Directorate meetings can take place giving up the formalities provided for meeting convocation in case all Directorate members agree with such meeting and with the agenda.

(2) A Directorate meeting is chaired by the Directorate chairperson and in his/her absence by the Directorate member who replaces him/her based on express mandate from the chairperson with respect to holding the chair and the meeting, as well as to the voting right exercised at the meeting. The mandate will be registered in the Delegation Register before the meeting date.

(3) The Directorate is assisted by the Secretariat when holding the Directorate meetings.

(4) As a rule Directorate meetings take place with personal attendance of Directorate members or, as the case may be, of their representatives in the specified meeting venue.

(5) In particular circumstances Directorate meetings can also be held over the phone, by video-conference or using other communication means, by which all participating persons can hear one another and the attendance to such meeting is considered participation in person in view of complying with the quorum and voting condition requirements.

(6) Any Directorate member can mandate in writing another member with respect to exercising the voting right during Directorate meetings. The mandate will be registered in the Delegation Register before the meeting.

(7) The chairperson will raise for Directorate discussion the issues in the meeting agenda and, in case conditions are met to take a decision he/she will submit existing proposals to vote.

(8) At least half of Directorate members should be present in order to have valid decisions taken at the meeting.

(9) Decisions of Directorate meetings are taken validly by the affirmative vote of most attending or represented Directorate members at such meeting. In case of tie situations the Directorate chairperson or the person mandated by him/her to chair the meeting will cast the decisive vote.

(10) When the Directorate chairperson or the Directorate member chairing the meeting announces the vote result with respect to a particular decision, no more additional registrations are accepted or amendments of opinions supported by Directorate members during the debates over such agenda item.

(11) Debates of Directorate meetings are recorded in the meeting minutes, which are typewritten, signed by Directorate members attending the meeting and added in the *Register of Directorate meetings and deliberations*. The minutes' content constitutes a summary of debates registered during the Directorate meeting, specifying the participants' names, the deliberation order, the decisions taken and the votes acquired by each, the considerations for decisions and the opinions of Directorate members.

(12) Directorate meetings are audio recorded and such registrations are archived and kept according to the provisions of article 5 above.

(13) When the capacity of Directorate chairperson ends, the person who held this position is obliged to hand over to the new Directorate chair the registers mentioned in the provisions of article 5 and the registrations mentioned in paragraph (12) above.

Article 13- Directorate decisions; Registrations

(1) When exercising its legal statutory attributions the Directorate takes decisions in the form and under the conditions established by law, the articles of association and this regulation.

(2) Directorate decisions in the exercise of legal statutory attributions will be taken during Directorate meetings as a consequence of debates over the agenda.

(3) In case circumstances so require the Directorate can take a decision based on its members' unanimous written agreement without the need to meet. The Directorate chairperson will decide whether circumstances so require.

(4) Absent members will be informed about the decisions taken at the meetings they did not attend. The information can be made by electronic means as well, using a system which provides each Directorate member's access to the respective information or documents during his/her mandate.

(5) Decisions resulting from deliberations after exercising the voting right during Directorate meetings held according to the provisions of these Internal Rules are written down in documents entitled **Decisions** which are signed by at least the Directorate chairperson or, as the case may be, the Directorate member that chaired the meeting and other two Directorate members and are registered in the Electronic Register keeping account of Directorate decisions.

(6) Documents recording Directorate decisions are posted in the Company's internal network and the Directorate establishes the person or persons entitled to access their contents, while the specific internal compartment allocates the electronic access right of such persons. In cases specified by the Directorate decisions are notified Company-wide or to certain Company employees by care of the Secretariat.

Article 14- Secretariat

The Secretariat has the following main attributions:

- a) Assisting the Directorate to apply the procedure for Directorate meetings convocation, also typewriting the respective documents;
- b) Assisting the Directorate chairperson with the good organisation and running of Directorate meetings;
- c) Writing down the debates of Directorate meetings and elaborating the minutes;
- d) Keeping updated in proper conditions the registers and records specified in article 5 para (1);
- e) Elaborating the documents registering the Directorate decisions;
- f) Communicating Company-wide the documents registering the Directorate decisions, after recording them in the *Register of Directorate decisions*.

Article 15- Support Materials

(1) Meeting materials / documents will be transmitted to the Directorate chairperson, to his/her attention or to that of the Directorate member replacing him/her based on express mandate from the chairperson within the set terms. He/she will convene the Directorate meeting observing the above provisions about meetings convocation and holding, while transmitting all such materials/documents to the other Directorate meetings by care of the Secretariat.

(2) Any material/document requesting the Directorate to take a decision will be entitled "Note", which content should be well structured and sustained, to provide clear concise request of a decision, including also the regulatory, statutory and legal framework required of the Directorate to take such decision. Depending on the specific request, it should also include opinions, proposals, as the case may be, alternative reviews.

Section 7- Competence delegations from the Directorate; Conditions; Allocation of responsibilities

Article 16- Delegations of competence

(1) In view of an efficient exercise of Company governing attributions and the achievement of established objectives under efficiency, effectiveness and conditions without touching the joint nature of liability for for Directorate members, the Directorate can delegate competences to:

- (i) Any of its members (including the Executive Director General);
- (ii) The heads of organisational entities, including the transmission branches of the Company;
- (iii) The Company personnel.

(2) The competence delegation can relate to, for instance:

- a) Approving certain types of operations;

- b) Approving/endorsing the documentation preliminary and/or subsequent to the approval of certain types of operations, documentation required by law or internal regulations;
 - c) Approving the operations with patrimonial effect up to a certain maximum value;
 - d) Approving/endorsing the documentation preliminary and/or subsequent to the approval of certain operations with patrimonial effect up to a certain maximum value, documentation required by law or internal regulations.
- (3) The competence delegation cannot relate to:
- (i) Types of operations which, according to the Company's Articles of association cannot be performed without the Supervisory Board's agreement;
 - (ii) Types of operations which, according to the Company's Articles of association the Directorate is obliged to inform the Shareholders' general assembly for;
- (4) The Directorate can cancel any time a delegation of competence, the cancellation decision will be registered immediately in the Delegations Register and communicated to the person/persons whom the respective competences were delegated.

Article 17- Conditions for competence delegation from the Directorate

(1) Competence delegations will observe the Directorate's competence limits in terms of operation content and value, will expressly establish the limits of competences and responsibilities delegated by the Directorate and will comply with the rule requiring Company representation by joint signature.

(2) Competence delegations to certain persons having labour relations with the Company will bear the legality visa and will be expressly accepted by the persons whom competence is delegated to.

(3) Competence delegations to Directorate members will use Directorate decisions, will establish expressly the limits of competences and responsibilities delegated by the Directorate and will comply with the rule requiring Company representation by joint signature.

(4) Competence delegations will be recorded in the Delegation Register before becoming effective.

(5) The delegation document will establish the obligation of the delegated person to keep detailed accounts of all deeds carried out under such delegation, with electronic archive of the documents, to periodically transmit the account to the Directorate chairperson and to keep the archived documents at the Directorate's disposal. When the delegation ends regardless of reason the full account and the electronic archive associated to it will be handed over to the Company.

(6) In case the delegated competence assumes managing classified information, the delegation is conditioned for the person whom competence is delegated to have proper authorisation/certification for access to classified information and in case the delegation result is classified according to legal terms, the legal provisions and internal regulations on classified information will be applied, while paragraphs (4) and (5) above are not applicable.

Article 18- Allocation of responsibilities; Coordinating certain Company activities

(1) Allocations of responsibility to one or more Directorate members can be established in the Directorate in view of coordinating certain activities, namely the activity of certain organisational entities, while supervising the achievement of objectives specific to certain Company activities.

(2) The Directorate member or, as the case may be, Directorate members who was/were allocated responsibility according to the previous paragraph will supervise how the Company's organisational entities are achieving their responsibilities, inclusive in terms of the Directorate required supervision with respect to the deeds performed by the employees acting in these entities (wage-earning persons) and/or in terms of fulfilling their job attributions.

(3) To reach the purposes mentioned in the previous paragraphs, as well as to have the Directorate achieving the reporting obligations devolving to it according to the Applicable Law and the Articles of Association, the Directorate member or, as the case may be, Directorate members who was/were allocated responsibility in accordance with the terms of paragraph (1) above will provide periodical operative meetings with the involved Company personnel with respect to the activities they are responsible for, and will place the preliminary reports and progress reports on such activities to the Directorate's disposal, as well as proposals to optimise the activities.

(4) The proposals of responsibility allocations mentioned in paragraph (1) above will be grounded and proposed by the Directorate and will take into account the persons that are Directorate members in terms of the candidate's profile and the objectives he/she has to achieve.

(5) Responsibilities mentioned in paragraph (1) above will be allocated after submission to the Supervisory Board's approval.

Section 8- Delegating the capacity to represent the Company

Article 19- (1) The Company is represented in its relations with third parties in accordance with the terms from the Articles of Association.

(2) In case the deed which representation competence is delegated for assumes managing classified information, the delegation is conditioned for the person whom representation competence is delegated to have authorisation/certification for access to classified information at the same level with the Directorate member that decided to delegate.

Section 9- Final provisions

Article 20- (1) The provisions of these Internal Rules are added the provisions of the Articles of association and the provisions of the Applicable Law. In case of amendments in the Articles of Association or in the provisions of the Applicable Law which impact some Regulation provisions, the Directorate chairperson proposes to the Supervisory Board to amend the Regulation accordingly.

(2) The amendments or additions to these Internal Rules are made in accordance with its approval norms.

(3) Legislation amendments which cancel or amend any of the provisions from these Internal Rules should not nullify them entirely but replace any null void stipulations accordingly.

(4) Directorate members are obliged to know and observe the provisions of these Internal Rules. To this effect whenever mandate is granted to a Directorate member or a new Directorate member is appointed (within the applicable mandate), as the case may be, the Supervisory Board will properly inform them about these Internal Rules and their obligation to get acquainted with their provisions, while also specifying the place and person where and whom the Internal Rules can be studied. Such Supervisory Board information will be inserted in the minutes of the meeting where the Directorate or new member(s) was/were appointed for the time interval remaining until mandate end.

