

Supervisory Board

NOTE

on the approval of the financial auditor by CNTEE Transelectrica SA's Shareholders' General Assembly

I. General

The National Power Grid Company Transelectrica SA (hereinafter referred to as "the Company" or "Transelectrica" SA) has the obligation to audit the stand-alone annual financial statements as well as the consolidated annual financial statements, according to the provisions of art. 7 of the Order of the Ministry of Public Finance 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, with later amendments and additions, as follows:

"(1) Stand-alone annual financial statements drawn up by entities under IFRS accounting regulations are subject to statutory audit, in accordance with the law.

"(2) According to the law, the consolidated annual financial statements in accordance with IFRS are also subject to statutory. They are drawn up by entities as parent companies."

According to art. 160 of Company Law 31/1990, republished, with later amendments and additions:

"(1) The financial statements of the companies subject to the statutory audit obligation shall be audited by financial auditors - natural persons or legal persons - under the conditions stipulated by the law.

"(1[^]1) Joint-stock companies opting, under art. 153, for the two-tier system of administration are subject to financial audit".

According to art. 111 para. (2), letter b[^]1) of Law 31/1990, republished, with later amendments and additions, the Shareholders' General Assembly is obliged *"for companies whose financial statements are audited, to appoint or dismiss the financial auditor and set the minimum duration of the financial audit contract"*.

Also, the Company is listed on the Bucharest Stock Exchange (TEL trading symbol) since 29.08.2006, so capital market specific provisions are also applicable. Para. (4) article 63 of Law 24/2017 on issuers of financial instruments and market operations provides that: *"The financial statements, including the consolidated ones, of the issuers are audited by financial auditors in accordance with the regulations regarding the financial audit activity"*.

II. Justification

For auditing the financial statements of the Company during 2017-2019, CNTEE Transelectrica SA had concluded contract C 210/2017 with the audit company SC Deloitte Audit SRL.

Following Decision 11 of the Shareholders' General Ordinary Assembly of September 28, 2018, by which the shareholders approved the amiable ending of the financial audit contract C210/2017 with Deloitte Audit SRL and the mandate of the Company's Directorate to take the necessary steps to end the contract

with the consent of the parties, the National Power Grid Company Transelectrica SA signed the ending agreement on 10.10.2018.

Following the ending agreement with the audit company Deloitte Audit SRL, the Shareholders' General Assembly of Transelectrica SA, by Decision 12 / 28.09.2018, approved the 3-year audit contract and the mandate of the Company's Directorate to start the procurement procedure.

The approved estimated value of these services included in the Annual Procurement Plan for 2018 was 725,000 lei.

Based on the provisions of Law 99/2016 on sectoral procurements, the procedure applied for the procurement of audit services was the simplified procedure.

Bids from the following audit companies have been submitted:

- BDO Audit SRL
- Ceausescu & Partners SRL

Following the evaluation of the technical and financial proposals, no bid was declared unacceptable / inappropriate / inadequate by the evaluation committee.

Following the application of the award criterion (Best Quality - Price Ratio), as set out in the awarding documentation, the resulting ranking is shown below:

No.	Bidder	Total score
1.	SC BDO AUDIT SRL	84,48 (50 + 34,48) points
2.	SC CEAUSESCU&PARTNERS SRL	60,00 (20 + 40) points

The evaluation committee has designated as winning auditing company BDO AUDIT SRL for the sectoral contract having as object "Financial audit services for 2018-2020" with a total contract value of 689,000 lei, VAT excluded, for 3 years .

By Decision of the Supervisory Board no. the proposal for the appointment of BDO AUDIT SRL as financial auditor of CNTEE Transelectrica SA was approved.

III. Proposals

In view of the above, under art. 111, para. (2), letter b¹) of Law 31/1990 on societies, republished, with later amendments and additions, of art. 14 para. (1) letter d) from the Articles of association of Transelectrica SA, we propose to the Shareholders' General Assembly of CNTEE Transelectrica SA the appointment of BDO Audit SRL as financial auditor of CNTEE Transelectrica SA for 3 years.

Gheorghe Olteanu
Supervisory Board Chairman
CNTEE Transelectrica SA