

DIRECTORATE

No. 17417/09.04.2019

NOTE

to convene the Shareholders' general assembly in view of electing the members of the Supervisory Board of the National Power Grid Company Transelectrica SA indicating mandate duration and to approve the form of the mandate contract that will be concluded with them and to mandate a representative to sign contracts on behalf of the Company

The National Power Grid Company Transelectrica SA (hereinafter called '**Company**') is a joint stock company managed under two-tier system according to article 1531 and following from the Company law 31/1990, republished, with later amendments and additions ('**Company law**'), by a directorate and a supervisory board. The Company has been listed to the BVB and is public enterprise in accordance with article 2 pt. 2 let b) from GEO 109/2011 regarding the corporative governance of public enterprises, approved with amendments and additions by Law 111/2016 (hereinafter called '**GEO 109/2011**'). In accordance with GEO 109/2011, the Ministry of Economy is a *tutulary public authority* for the Company.

The mandate contracts of provisional Supervisory Board members expire on 29.05.2019, and they have been elected by decisions 4-10/29.03.2019 of the Shareholders' general assembly.

In accordance with article 111 para (2) let b) from the Company law, article 31 para (2) from GEO 109/2011 and article 14 para (1) let c) from, with later amendments and additions, and with article 14 para (1) let c) from the applicable Articles of association, **the competence to elect members** (appoint, name) **in the Supervisory Board belongs to the Shareholders' general ordinary assembly while observing the applicable legal provisions.**

According to article 29 para (1) in relation to article 31 para (3) from GEO 109/2011, the members of the supervisory board shall be appointed by the shareholders' general assembly, at the proposal of the board in office or of the shareholders. To date the Company has received no request from the shareholders to convene the Shareholders' general assembly in view of electing members in the Supervisory Board according to

the provisions of GEO 109/2011. Decision 9/26.09.2017 of the Shareholders' general assembly approved initiating the selection procedure for members in the Company's Supervisory Board, while applying the provisions of article 29 para (3) and para (5) from GEO 109/2011¹ and address 6648/27.12.2017 (registered in the Company under no.90/03.01.2018) of the Ministry of Economy, Department of Privatisation and Administration of State Participations requested the recall of the shareholders' general assembly *having as agenda items:*

- *approving the profile of the supervisory board;*
- *approving the profile of the candidates,*

*in view of the selection of the members of the Supervisory Board in the application of the provisions of article 34 let b)² and of article 36, para (1)³ of the GD 722/2016 for the approval of the Methodological Norms for the application of certain provisions of GEO 109/2011 on corporate governance of public enterprises, with later amendments and additions. Through decisions 8/29.05.2018, 12/28.09.2018, 14/26.11.2018 and 11/29.03.2019 of the Shareholders' general assembly, at the request of the Ministry of Economy, Department of Privatisation and Administration of State Participations, the two discussed topics have been postponed. In view of the above, in the application of article 29 para (1) in relation to article 31 para (3) of GEO 109/2011, **the competence to propose candidates, at the moment, belongs only to the Company's shareholders.***

Regarding **the term of office of the members of the Supervisory Board**, according to article 153¹² para (1) of the Company Law, the term of office of the members of the Supervisory Board shall be established by the Articles of association and it may not exceed 4 years. According to the Articles of association in force, second sentence of article 18 para (5), *the Term of office of the members of the Supervisory Board shall be for a period of 4 (four) years if the decision of the Shareholders' general assembly does not establish a shorter duration.*

As an exception, in view of the special provisions applicable to public enterprises, according to article 64¹ of GEO 109/2011, *if one or more positions of company administrator are vacant, the shareholders, including the state (as a shareholder), through the tutelary public authority, may convene the shareholders' general assembly for the appointment of one or more temporary administrators, until the selection procedure of the administrators has been completed, according to the emergency ordinance herein. The shareholders, including the state (as a shareholder), through the tutelary public authority, will be able to present proposals for candidates in the shareholders' general assembly. In such case, according to paragraph 5 of the same*

¹ Legal presumption in which *the tutelary public authority on behalf of the state (as a shareholder) (...) proposes candidates to be appointed as board members*

² Article 34 from the Norms - *The board's profile is approved as follows: (...)*

b) in the case of companies, by the shareholders' general assembly, after being endorsed by the board on the recommendation of the nomination and remuneration committee or, as the case may be, by the tutelary public authority.

³ Article 36 para (1) from the Norms – *The candidate's profile is approved in accordance with article 34.*

article, the term of office is 4 months, with the possibility of extension, on solid grounds, up to a maximum of 6 months.

In accordance with article 29 para (11) against article 31 para (3) of GEO 109/2011, article 111 para (2) let c) of the Company law and article 14 para (1) let f) from the applicable Articles of association, **the Shareholders' general ordinary assembly has the competence to approve the form of the mandate contract that will be concluded with the Supervisory Board members and to set the remuneration owed to the members of the Supervisory Board.** The last form of the mandate contract for the members of the Supervisory Board was approved by the Shareholders' general assembly by Decision No. 11/29.03.2019.

From the perspective of the procedure for signing mandate contracts with the members of the Supervisory Board that shall be appointed, **a person should be mandated in order to sign the mandate contracts on behalf of the Company.**

DIRECTORATE

| <i>Directorate Chairman</i> | <i>Directorate Member</i> | <i>Directorate Member</i> | <i>Directorate Member</i> | <i>Directorate Member</i> |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Marius Dănuț CARAȘOL | Claudia-Gina ANASTASE | Andreea Georgiana FLOREA | Constantin SARAGEA | Adrian SAVU |