



SECRETARIATUL GENERAL AL GUVERNULUI

**TO:**

**National Power Grid Company Transelectrica SA**

**Concerning:**

**Shareholders' Ordinary General Assembly of National Power Grid Company Transelectrica SA, summoned for December 21/22, 2020.**

Taking into account the provisions of art. 11 para. (5) of GEO no. 68/2019 on the establishment of measures within the central public administration and for the modification and addition of certain norms, as approved with amendments and additions by Law no. 77/2020, according to which the exercise of the rights and the fulfillment of the obligations arising from the status of State shareholder at the National Power Grid Company Transelectrica SA is carried out by the General Secretariat of the Government,

Considering the provisions of art. 92 of Law no. 24/2017 on the issuers of financial instruments and market operations, with later amendments and additions, corroborated with the provisions of art. 117<sup>1</sup> of Company Law no. 31/1990, republished, with later amendments and additions,

Taking into account the convening of the Shareholders' Ordinary General Assembly of (SOGA) of 21/22 December 2020,

Given SOGA Decisions no. 9 and 10 of 28.09.2020, as well as NPG Co. TRANSELECTRICA SA address no. 51189/03.12.2020 by which the management plan was communicated to the tutelary public authority as it was elaborated and approved by the Supervisory Board under the conditions of art. 30 paragraphs (1) and (2) of GEO no. 109/2011 on the corporate governance of public enterprises, with later amendments and additions,

Considering the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, with later amendments and additions, as well as of Company Law no. 31/1990, republished, with later amendments and additions,

I. The General Secretariat of the Government requests you, under art. 92 para. (3) of Law no. 24/2017 on the issuers of financial instruments and market operations, corroborated with the provisions of art. 117<sup>1</sup> of Company Law no. 31/1990, republished, with later amendments and additions, **to supplement the agenda of the Shareholders' Ordinary General Assembly, summoned for December 21/22, 2020**, with the following items:

**“1^1. Approving the financial and non-financial performance indicators resulting from the management plan.”**

additional item for which we send you the following draft resolution:

- “Regarding item 1^1 on the agenda, with the 'for' vote of the shareholders representing \_\_\_\_\_% of the total valid votes cast, the Shareholders' General Assembly approves the financial and non-financial performance indicators resulting from the management plan as proposed by the Romanian State shareholder through the General Secretariat of the Government.”,

the proposal being the one specified in Annex no. 1 hereof.

**“1^2. Modifying the Supervisory Board members' remuneration regarding the monthly gross fixed allowance.”**

additional item for which we send you the following draft resolution:

- “Regarding item 1^2 on the agenda, with the 'for' vote of the shareholders representing \_\_\_\_\_% of the total valid votes cast, the Shareholders' General Assembly approves the Supervisory Board members' monthly gross fixed allowance in the amount of 15,532 lei.”,

**“1^3. Approving the variable component of the Supervisory Board members' remuneration.”**

additional item for which we send you the following draft resolution:

- “Regarding item 1^3 on the agenda, with the 'for' vote of the shareholders representing \_\_\_\_\_% of the total valid votes cast, the Shareholders' General Assembly approves the variable component of the Supervisory Board members' remuneration as proposed by the Romanian State shareholder through the General Secretariat of the Government.”,

the proposal being the one specified in Annex no. 2 hereof.

**“1^4. Approving the general limits of the remuneration and of the other benefits granted to the Directorate members.”**

additional item for which we send you the following draft resolution:

- “Regarding item 1^4 on the agenda, with the 'for' vote of the shareholders representing \_\_\_\_\_% of the total valid votes cast, the Shareholders' General Assembly approves the general limits of the remuneration and of the other benefits granted by the company to the Directorate members, including the fixed allowance, the remuneration's variable component as well as other benefits granted to the Directorate members, as proposed by the Romanian State shareholder through the General Secretariat of the Government.”,

the proposal being the one specified in Annex no. 3 hereof.

**“1^5. Approving the content of the addendum to the mandate contract concluded between the Supervisory Board members and the company, including the indicators and the variable component.”**

additional item for which we send you the following draft resolution:

- “Regarding item **1^5** on the agenda, with the ‘for’ vote of the shareholders representing \_\_\_\_\_% of the total valid votes cast, the Shareholders’ General Assembly approves the content of the addendum to the mandate contract concluded between the Supervisory Board members and the company, including the indicators and the variable component, as proposed by the Romanian State shareholder through the General Secretariat of the Government and the representative of the General Secretariat of the Government in the Shareholders’ General Assembly is empowered to sign on behalf of the Company the mandate contracts with the persons appointed as Supervisory Board members.”,

the proposal regarding the addendum’s form being the one specified in Annex no. 4 hereof.

**II.** By referring to the provisions of art. 92^1 of Law no.24/2017 on issuers of financial instruments and market operations, with later amendments and additions, we request you to prepare and submit to the Shareholders’ General Assembly’s approval, when approving the annual financial statements, a remuneration policy regarding the members of the Supervisory Board and the Directorate.

In light of the above-mentioned, we ask you to take all the necessary steps to make available to the shareholders the necessary documents to take decisions, according to what has been requested and submitted, following the publication procedure in accordance with the regulations in force on the capital market.

**SECRETARY GENERAL OF THE GOVERNMENT  
ANTONEL TĂNASE**

**FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS**

RESULTING FROM THE MANAGEMENT PLAN/MANAGEMENT COMPONENT  
PREPARED BY THE MANAGEMENT OF NPG Co. TRANSELECTRICA SA FOR 2020 - 2024

**PROPOSED BY THE ROMANIAN STATE SHAREHOLDER THROUGH THE GENERAL  
SECRETARIAT OF THE GOVERNMENT**

Avand in vedere totalitatea obiectivelor strategice definite de catre conducerea CNTEE Transelectrica S.A in Planul de Administrare si/sau Componenta de Management, pentru a îndeplini atât misiunea Companiei dar și misiunea sa în calitate de furnizor de servicii publice, **Actionarul Statul Roman reprezentat prin Secretariatul General al Guvernului, propune pentru perioada mandatului conducerii C.N.T.E.E Transelectrica S.A realizarea urmatorilor indicatori de performanță:**

**1. Strategic objective 4.1 – asigurarea gradului de profitabilitate**

Achieving at least 70% of EBITDA (gross operating profit), annually calculated based on the Income and Expense Budget, approved between 2020 - 2024;

Minimum annual threshold: achieved EBITDA x 70%

**2. Strategic objective 4.4 – indebtedness indicators**

For the mandat period, under no circumstances should the Net Debt Ratio/EBITDA indicator annually exceed the value of 4.0 where:

Formula: Net debt ratio/EBITDA  $\leq 4,0$  where:

Net debt ratio = the total interest-bearing loans minus cash from banks;

EBITDA = earnings before interest, taxes, depreciation and amortization.

**3. Strategic objective 4.8 – ensuring PTG maintenance**

During the mandate, PTG maintenance should be 90% insured, being annually calculated from the values provided in the Income and Expense Budget, approved between 2020 - 2024;

Minimum annual threshold = approved maintenance budget x 90%

**4. Strategic objective 4.6 – PTG modernisation/development**

Achieving at least 70% of the annual investment plan between 2020 - 2024 (Annex 4 to the Income and Expense Budget approved by the SGA);

Minimum annual threshold = Approved investment plan x 70%

**5. Performance objective**

The payments outstanding with the state budget during the 2020 – 2024 mandate, to be “zero” thousand lei.

**Note:**

1. *In case there will be possible misrepresentations of the key performance indicators registered in the mandate contracts, misrepresentations that may come from circumstantial activities as described in the State Budget Law no. 5/2020, art. 48. paragraphs (1) and (3) which stipulates that when determining the preliminary/estimated gross profit to be achieved, “operating income and/or expenses*

*incurred following certain situations or activities will not be taken into account” , they will not be taken into account.*

2. *Also, any negative impact on the key performance indicators set out above, which are due to past events, but with a negative influence on the Company’s current and future results, will not be taken into account.*

**SECRETARY GENERAL OF THE GOVERNMENT**  
**ANTONEL TĂNASE**

**VARIABLE COMPONENT OF THE SUPERVISORY BOARD MEMBERS' REMUNERATION  
PROPOSED BY THE ROMANIAN STATE SHAREHOLDER THROUGH THE GENERAL  
SECRETARIAT OF THE GOVERNMENT**

Avand in vedere totalitatea obiectivelor strategice definite de catre conducerea CNTEE Transelectrica S.A in Planul de Administrare, pentru a îndeplini atât misiunea Companiei dar și misiunea sa în calitate de furnizor de servicii publice, **Actionarul Statul Roman reprezentat prin Secretariatul General al Guvernului propune ca pe perioada mandatului 2020 - 2024, MEMBRII CONSILIULUI DE SUPRAVEGHERE sa beneficieze de urmatoarea componenta variabila:**

The annual variable component established based on the approved financial and non-financial performance indicators amounts to 12 fixed monthly allowances.

**SECRETARY GENERAL OF THE GOVERNMENT  
ANTONEL TĂNASE**

**GENERAL LIMITS OF THE REMUNERATION AND OF THE OTHER BENEFITS GRANTED TO  
THE DIRECTORATE MEMBERS BY NPG Co. TRANSELECTRICA SA  
INCLUDING THE FIXED ALLOWANCE, THE REMUNERATION'S VARIABLE COMPONENT AS  
WELL AS OTHER BENEFITS GRANTED TO THE DIRECTORATE MEMBERS  
PROPOSED  
BY THE ROMANIAN STATE SHAREHOLDER THROUGH THE GENERAL SECRETARIAT OF  
THE GOVERNMENT**

Considering the totality of the strategic objectives defined by the management of NPG Co. Transelectrica SA in the Management Component of the Management Plan in order to fulfill both the Company's mission and its mission as a public service provider, **the Romanian State Shareholder through the General Secretariat of the Government proposes that during the 2020 – 2024 mandate, the general limits of remuneration and of the other benefits to be granted by NPG Co. TRANSELECTRICA SA to the Directorate members, including the fixed allowance, the remuneration's variable component as well as other benefits granted to them are the following:**

- 1. Monthly gross fixed allowance:** maximum 6 times the average over the past 12 months of the monthly gross average earning for the activity carried out according to the main object of activity registered by the company, at grade level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to appointment.
- 2. Annual remuneration representing the variable component:** maximum the equivalent of 12 (twelve) monthly gross fixed allowances.
- 3. Other benefits for the Directorate members of NPG Co. Transelectrica SA**
  - non-compete compensation upon termination of the mandate contract, for an additional 12 month-period after contract termination, amounting to 12 (twelve) monthly gross fixed allowances;
  - providing specific equipment as well as other kind of support needed in order to perform their tasks and obligations in a more efficient and safe manner, including a company car with/without chauffeur (including fuel), mobile phone, tablet, laptop, etc.;
  - reimbursing all expenses related to the fulfillment of the mandate, based on the supporting documents and according to the law (including, but not limited to traveling business class, hotel, transport, telephone, daily allowance, protocol expenses), under the same conditions as for similar positions in other Romanian and European companies in the same activity field. The daily allowance for traveling around the country amounts to 50% of the individual net daily remuneration calculated by the number of working days of the month in question and, while the amount of the daily allowance for traveling abroad will be equal to the individual net daily remuneration calculated in the same way.
  - funding by the company of the payment related to training and education courses conducted by the Directorate members, under the conditions established by the Supervisory Board.
  - benefitting from a professional indemnity insurance contract regarding the activity within the Directorate, concluded by the company, to insure the mandatee, during the entire mandate, as well as for a 5 year-period of following contract termination, according to the Shareholders' General Assembly.

- benefitting from medical services and/or medical insurance, contracted by the company.
- in cases where the mandatee does not live in Bucharest or within 60 km from Bucharest, at the mandatee's request, together with supporting documents, the value of the monthly rent for using a home located in Bucharest is to be reimbursed up to the equivalent in lei of a net amount up to 780 euro/month.
- reimbursing by the company of the value of the legal aid services necessary for the actions brought against it for damages caused to third parties both during the mandate contract and for a 10 year-period following the mandate's end for acts and decisions taken during the contract, if they are not covered by the insurance policy.

**SECRETARY GENERAL OF THE GOVERNMENT**

**ANTONEL TĂNASE**



## Annex 4

### ADDENDUM TO THE MANDATE CONTRACT CONCLUDED BETWEEN SUPERVISORY BOARD MEMBERS AND NPG Co. TRANSELECTRICA SA, INCLUDING THE INDICATORS AND THE VARIABLE COMPONENT

#### PROPOSED BY THE

#### ROMANIAN STATE SHAREHOLDER, REPRESENTED BY THE SECRETARIAT GENERAL OF THE GOVERNMENT

Taking into account all the strategic objectives defined by the managerial team of NPG Co. Transelectrica SA in the Management Component of the Administration Plan in order to carry out both the Company mission and also its mission as public service supplier, the **Romanian State Shareholder represented by the Secretariat General of the Government proposes the following:**

<b>A D D E N D U M   N o . 1</b> <b>To the Mandate Contract no. _____ / _____</b>	
Mandate Contract no. [●]/[●] (hereinafter called the " <b>Contract</b> ") signed on [●], by and between:	
<b>(1)</b>	National Power Grid Company TRANSELECTRICA SA, managed under two-tier system, with headquarters in Bucharest 1, Blvd General Gheorghe Magheru no. 33, recorded in the Trade Register under no. J40/8060/2000, fiscal code 13328043, represented by ..... (hereinafter called " <b>Company</b> "); and
<b>(2)</b>	<b>Mr. / Mrs. [●]</b> , citizen of [●], born on [●], in [●], County [●], domiciled in [●], Str. [●] no. [●], bl. [●], entry no. [●], fl. [●], app. [●], identified by the identity card series [●] no. [●], issued by [●] on [●], personal numerical code (CNP) [●] (hereinafter called " <b>Supervisory Board Member / Mandatee</b> "),
(The Company and the Mandatee are together called <b>Parties</b> and each one individually a <b>Party</b> ).	
Taking into account Decision no. .... of ..... of the Shareholders' General Ordinary Assembly in accordance with article 1243 of the Civil Code, the Contract is amended pursuant to the express provisions further on:	

**I. Article 3.2 of the Contract** is amended, and the new phrasing is as follows:

"3.2 The Mandate Contract can be renewed only under approval of the Shareholders' General Assembly in case legal requirements are complied with. The MANDATEE is re-eligible only if legal requirements are met, as well as the provisions of the Articles of association and the Supervisory's Board Organisation & Operation Regulation and he/she is not guilty of failing to achieve the performance objectives of the previous mandate".

**II. Article 4.1 of the Contract** is amended, and the new phrasing is as follows:

"4.1 The Mandatee will perform his/her tasks and other obligations according to this Contract in the social offices of the Company. To the extent this is necessary, the Mandatee will be asked to travel to other localities on Romanian territory and abroad. The accommodation, meals, travel and any other costs associated to such travels the Mandatee is entitled to will be covered according to Company policies, namely the provisions of the Supervisory's Board Organisation & Operation Regulation".

**III. Article 5.2.3 paragraph 2 of the Contract** is amended, and the new phrasing is as follows:

"The Parties declare they have acknowledged this non-competition clause will also apply in case the Mandatee will hold a position in the Company after the end of this Mandate Contract.

**IV. Article 6.1 of the Contract** is amended, and the new phrasing is as follows:

"6.1 Taking into consideration the proper achievement of his/her tasks and other obligations under this Contract the Mandatee will receive a Fixed gross monthly remuneration, as provided in detail in Annex 2 (*Remuneration of Mandatee*) to this Contract. This part of the remuneration will be updated each year using the inflation index.

The Fixed gross monthly remuneration will be paid once a month, when the MANDANTOR pays the salary obligations to its employees on the final fortnight pay into the Mandatee's bank account of IBAN no. [●] opened with Bank [●].

The MANDATEE benefits also of a variable remuneration component as per Annex 2 (b) to this contract, with a view to achieve at least 70% of the performance criteria and objectives approved by the shareholders' general assembly and provided in the Administration Plan, which will become operational after its approval by the Shareholders' General Assembly".

**V. Article 6.2 of the Contract** let. (b) is amended, and the new phrasing is as follows:

"(b) Professional liability insurance

The MANDATEE benefits of an insurance contract for civil professional liability for his/her activity in the Supervisory Board, during the entire mandate and 5 more years from Contract ending, concluded by the Company to provide Mandatee insurance. All costs related to such contract will be borne by the Company".

**VI. Article 6.3 of the Contract** is amended, and the new phrasing is as follows:

"The Mandatee will be reimbursed the necessary expenses associated to mandate execution based on justifying documents, such as economic class flight for plane travels to Romania and Europe and business class for flights outside Europe, for hotel, transport (taxi included), phone and protocol charges within the limits established by the Company's internal regulations and the applicable law.

The Company will reimburse the Mandatee for the above-mentioned costs against justifying documents brought by the Mandatee (e.g. invoices, receipts) and in accordance with the Company's policy in this respect, but no later than 3 week-days after submitting the justifying documents".

**VII. Article 9.1 din Contract** is amended by adding a new termination article, let. (g), text inserted before the final paragraph and phrased as follows:

"(g) Expiry of the period it was concluded for, unless the Parties have decided to continue their contractual relation".

**VIII. Article 9.2 let. A of the Contract** is amended, and the new phrasing is as follows:

"A. If this Contract ends according to clause 9.1 (a) above without a just cause the Company will compensate the Mandatee with a sum representing the fixed gross monthly indemnifications remaining until mandate end. If the period left until the expiry date is smaller than 12 (twelve) months the Company will pay the Mandatee an ending compensation representing a Fixed gross monthly remuneration multiplied by the number of months left until expiry date, plus the non-competition compensation".

**IX. Annex 2 to the Contract** is amended, its new content being established in ANNEX to this addendum 1 to the Contract.

**IN WITNESS WHEREOF**, the Parties have concluded this Contract in 3 (three) original copies in Romanian, on the date mentioned first above.

**NPG Co. TRANSELECTRICA SA**

\_\_\_\_\_  
By .....

**SUPERVISORY BOARD MEMBER / MANDATEE**

\_\_\_\_\_

## ANNEX 2

### REMUNERATION of Mandatee

In consideration of his/her proper achievement of assignments and other obligations under this Contract the Mandatee will receive:

- (a) A Fixed gross monthly remuneration (**Fixed gross monthly remuneration**) amounting to 15,532 Lei gross/month, according to the provisions of clause 6.1 in the Contract and, if applicable,

The payment mechanism of the fixed gross monthly remuneration is as follows:

- The Supervisory Board chairman and the CS members that are active in at least 2 consultative committees constituted within the board benefit of fixed monthly indemnification at maximum value.
- Supervisory Board members that are active in one consultative committee constituted within the board benefit of fixed monthly indemnification representing 90% of the maximum fixed monthly indemnification.
- Supervisory Board members that are not active in the consultative committees constituted within the board benefit of fixed monthly indemnification representing 85% of the maximum fixed monthly indemnification.

The fixed monthly remuneration will be paid to MANDATEE once a month, on the MANDANTOR's payment date of salary obligations to its employees at the end of the month.

- (b) In addition to the fixed remuneration the MANDATEE is entitled to also receive an annual variable component of remuneration for his/her achievement of at least 70% of the performance criteria and objectives approved by the shareholders' general assembly and provided in the Administration Plan to become operational after its approval by the Shareholders' General Assembly. The annual variable component established based on the approved financial and non-financial performance indicators is **in quantum of 12 fixed monthly indemnifications**.

- In case of a MANDATEE whose mandate contract ends before term (regardless of cause), the annual variable component of the remuneration related to the performance indicators stipulated in the Administration Plan will be paid by fractions for the time period from the beginning of that calendar year and the ending date of the mandate contract, proportionally to the number of days in such year when the mandate contract was applicable according to which it was granted.
- Since the MANDATEE was appointed on 30 September 2020, the annual variable component of the remuneration related to the performance indicators stipulated in the Administration Plan will be paid by fractions for the time period from the appointment date and the end of such calendar year, proportionally to the number of days in such

year when the mandate contract was applicable according to which it was granted.

- The annual variable component will be paid within 15 days from the AGA approval date of the audited annual stand-alone financial statements.

The performance indicators, objectives and criteria mentioned in the Administration Plan can be reviewed and amended adequately in case force majeure events have occurred or in case of significant changes in the legislative framework or decisions of regulatory authorities, such as, but without limitation, ANRE.

As far as Contract execution is concerned, including the remuneration owed to the MANDATEE the achievement of financial and non-financial performance indicators will be taken into account as approved by the Shareholders' general assembly of NPG Co. TRANSELECTRICA SA.

**NPG Co. TRANSELECTRICA SA**

\_\_\_\_\_  
By .....

**SUPERVISORY BOARD MEMBER / MANDATEE**

\_\_\_\_\_

**SECRETARY GENERAL OF THE GOVERNMENT  
ANTONEL TĂNASE**