



Societate Administrată în Sistem Dualist

Compania Națională de Transport al Energiei Electrice
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Nr. 13588/22.03.2023

**Information note
regarding
the Shareholders' General Assembly's approval of the 'Remuneration policy for the
members of the executive and non –executive management of the NPG Co.
Transelectrica' related to the 4 – months provisional mandates that can be
extended for good reasons up to 6 months maximum**

I. Overview:

In accordance with the legal provisions:

- ❖ art. 106. para. (1)-(7) of Law no. 24/2017 on issuers of financial instruments and market operations, namely:
 - ✓ (1) *the issuer establishes a remuneration policy regarding the managers on which the shareholders have the right to vote during the ordinary general assembly of shareholders.*
 - ✓ (2) *the issuers have the obligation to submit to the approval of the shareholders' annual general assembly the remuneration policy according to art. 111 of Law no. 31/1990.*
 - ✓ (3) *the issuers shall pay a remuneration to their managers only in accordance with the remuneration policy that have been approved within the shareholders' general ordinary assembly.*
 - ✓ (4) *if an approved remuneration policy does not exist yet and the shareholders' general ordinary assembly does not approve the policy proposed and submitted on the agenda, the issuer can continue to pay the remuneration to its managers in accordance with the existing practice and shall present a reviewed policy in order to be approved within the next shareholders' general ordinary assembly held by the issuer, even if this is not the annual shareholders' general ordinary assembly.*
 - ✓ (5) *if there is an approved remuneration policy and the shareholders' general ordinary assembly does not approve the new policy proposed, the issuer can continue to pay the remuneration to its managers in accordance with the existing approved policy and shall present a reviewed policy in order to be approved within the next shareholders' general ordinary assembly.*
 - ✓ (6) *the issuers can under exceptional circumstances temporarily change the remuneration policy, provided that this policy includes procedural clauses under which the derogation can be applied and specifies which elements of the policy can be derogated from. These exceptional circumstances only refers to the situations when the derogation from the remuneration policy is necessary in order to serve entirely the long time interests and sustainability of the issuers or to ensure its viability.*
 - ✓ (7) *the issuers submit the remuneration policy to the vote within the shareholders' general ordinary assembly every time a significant change occur, and in any case, at least once every 4 years.*
- ❖ art. 39 para. (3) of G.E.O. 109/2011 on the corporate governance of public enterprises, 'policy and criteria of remuneration for managers and administrators, within the single system

case, namely for supervisory board members and directorate members, within the two-tier system case, as well as the remuneration level and the other advantages offered to each manager and director are made public on the internet page of the public enterprise, through the care of the president of the board of directors or the supervisory board'.

- ❖ point C.1 of Section C within the Governance Code of the Bucharest Stock Exchange, 'the company has the obligation to public on its internet page, the remuneration policy and must include in its annual report a declaration on the implementation of the remuneration policy within the annual period that is subject to analysis. Any significant change within the remuneration policy must be made public in due time on the internet page of the company.'

We forward to you the proposal '***The remuneration policy for the members of the executive and non –executive management of the NPG Co. Transelectrica' related to the 4 – months provisional mandates that can be extended for good reasons up to 6 months maximum***' .

II. Proposals:

Towards those presented, under art. 14 letter. j from the updated Articles of Association, in conjunction with art.106 para. (2) of Law no. 24/2017 on issuers of financial instruments and market operations, we submit '***The remuneration policy for the members of the executive and non –executive management of the NPG Co. Transelectrica' related to the 4 – months provisional mandates that can be extended for good reasons up to 6 months maximum***' to the approval of the Shareholders' General Ordinary Assembly.

Members of the Supervisory Board

ATANASIU Teodor

DASCĂL Cătălin-Andrei

ORLANDEA Dumitru Virgil

PĂUN Costin-Mihai

STERP VINGĂRZAN Gheorghe

VASILESCU Alexandru-Cristian

ZEZEANU Luminița

REMUNERATION POLICY of the members of the executive and non-executive management of The National Power Grid Company “Transelectrica” S.A., in the context of temporary mandates with a duration of 4 months, with the possibility of extension, for valid reasons, up to a maximum of 6 months.

Developed by:

The nomination and remuneration committee within the Supervisory Board

Membrii:



Alexandru-Cristian VASILESCU - chairman

Gheorghe STERP VINGĂRZAN

Costin-Mihai PĂUN

Dumitru-Virgil ORLANDEA

Cătălin-Andrei DASCĂL



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Company Mission:

- ensuring the operation of the National Electric Power System under conditions of maximum safety and stability, meeting quality standards and ensuring, at the same time, access to the transport networks for any applicant who meets the requirements of the law.

The company is listed on the Bucharest Stock Exchange, in the Premium category, symbol TEL. Thus, CNTEE "Transelectrica" S.A., as a listed company, has undertaken to comply with the legislation and standards of transparency and good corporate governance practices with the aim of building a long-term relationship of respect and trust with its shareholders and potential investors.

CNTEE "Transelectrica" S.A. is a Romanian legal entity, established as a joint-stock company, publicly owned and operates in accordance with the applicable Romanian legislation, the provisions of its own Constitutive Act and internal regulations. The company is administered in a dual system, which involves a Directorate and a Supervisory Board.

The legal framework regarding the remuneration policy:

- Law 24/2017 on issuers of financial instruments and market operations, with subsequent amendments and additions;
- Law 31/1990 on companies, with subsequent amendments and additions;
- GEO 109/2011 on enterprises regarding the corporate governance of public enterprises, with subsequent amendments and additions, approved by Law no. 111/2016 and Government Decision no. 722/2016;
- The Constitutive Act of CNTEE "Transelectrica" S.A., updated on January 26, 2023 pursuant to HAGEA no. 1/2023;
- The Corporate Governance Code of the Bucharest Stock Exchange

Related to the temporary mandates of the members of the Supervisory Board and Directorate, the remuneration policy is drawn up in accordance with the requirements of the relevant legislation, in a unitary manner. The remuneration policy renders the applicable general framework and describes the responsibilities of decision-makers in establishing and approving fixed remuneration and other benefits.

Duties and Powers

Ordinary General Meeting of shareholders

- ☐ sets the general limits of the remuneration of the members of the Directorate;
- ☐ sets the due remuneration for the current exercise of the members of the Supervisory Board;
- elects and revokes the members of the Supervisory Board;
- ☐ pronounces on the management of the members of the Directorate and the members of the Supervisory Board, evaluates their activity and discharges them from management, under the law;
- ☐ approves the form of the mandate contract concluded between CNTEE "Transelectrica" S.A. and members of the Supervisory Board and the Directorate;
- ☐ analyzes the Report of the Nomination and Remuneration Committee within the Supervisory Board of TEL related to the last financial year.

The nomination and remuneration committee within the Supervisory Board of TEL

- ☐ formulate proposals for the position of member of the Supervisory Board and member of the Directorate;
- ☐ elaborates and makes proposals to the Supervisory Board regarding the selection procedure of the members of the Supervisory Board, the members of the Company's Board and for other management positions;
- ☐ formulates proposals regarding the remuneration of the members of the Company's Board of Directors and other management positions, in compliance with the general limits of remuneration approved by the Ordinary General Meeting of Shareholders;
- ☐ annually prepares and presents at the annual AGM the Report of the Nomination and Remuneration Committee regarding the remunerations and other advantages granted to the Supervisory Board, the Directorate, report drawn up in accordance with art. 55 para. (3) from GEO no. 109/2011 on the corporate governance of public enterprises.

The Supervisory Board of TEL

- ☐ appoints and revokes the members of the Directorate and establishes their remuneration;

The remuneration of the provisional members of the Supervisory Board

The legal and contractual framework regarding the remuneration of the provisional members of the Supervisory Board of CNTEE "Transelectrica" S.A.

According to the general legal framework, according to art. 111 paragraph (2) letter c) from the Companies Law no. 31/1990, republished, with subsequent amendments and additions, the competence to set the remuneration of the members of the supervisory board belongs to the General Meeting of Shareholders ("GMS"). The company is a public enterprise in accordance with art. 2 point 2 letter b) from the Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and additions. GEO no. 109/2011 regulates specific conditions regarding the remuneration of members of the Supervisory Board of a public enterprise. The fixed allowance cannot exceed twice the average for the last 12 months of the average gross monthly salary for the activity carried out according to the main object of activity registered by the autonomous directorate, at the class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics previously appointment.

The provisional members of the Supervisory Board have a fixed gross monthly allowance, according to the form of the mandate contract approved by the Decision of the ordinary general meeting of shareholders no. August 6/18, 2022, in the amount of 17,926 lei.

According to the relevant legislation, in the execution of provisional mandates, members of the Supervisory Board do not benefit from a variable component.

Other benefits granted to provisional members of the Supervisory Board

Other benefits:

- ✓ He/she benefits from an insurance contract for professional civil liability regarding his activity;
- ✓ The right to settle the counter value of the expenses incurred in the interest of the Company, based on supporting documents, in accordance with the law and the internal rules of the Company;
- ✓ If the domicile/permanent residence is at a distance greater than 60 km from the city of Bucharest or, as the case may be, from the place of the SC meeting, the Company settles, at the express request of the SC member, the accommodation costs for a number of days equal to that of the days of the meeting in question;
- ✓ He/she is provided with the working conditions and equipment necessary to carry out the current activity within the Supervisory Board, (such as a properly equipped office, conference room, work mobile phone, laptop/tablet and others);

The legal and contractual framework regarding the remuneration of the temporary members of the Directorate of CNTEE "Transelectrica" S.A.

According to the general legal framework, according to art. 153¹⁸ paragraph (2) of the Companies Law no. 31/1990, republished, with subsequent amendments and additions, the competence to establish the remuneration of the members of the directorate belongs to the Supervisory Board. GEO no. 109/2011 regulates specific conditions regarding the remuneration of members of the directorate of a public enterprise.

The temporary members of the Directorate have a fixed gross monthly allowance, according to the form of the mandate contract approved by the Supervisory Board, a fixed gross monthly allowance in the amount of 55,050 lei.

According to the relevant legislation, in the execution of temporary mandates, the members of the Directorate do not benefit from a variable component.

Other rights and benefits granted to provisional members of the Directorate

- ✓ the right to withdraw from the membership of the Directorate, under the condition of written notice, at least ten calendar days before the withdrawal;
- ✓ benefits from an insurance contract for professional civil liability regarding the activity within the Directorate, concluded by the Company and borne by it;
- ✓ the right to be reimbursed for the costs incurred in the interest of the Company, based on supporting documents, in accordance with the law and the internal rules of the Company;
- ✓ appropriate working conditions and access to the facilities necessary for carrying out the activity (such as a properly equipped office, conference room, service mobile phone, laptop/tablet, car and others), depending on the needs related to the current activity within the Directorate. Member of the Directorate having the obligation to use the equipment/car mainly for the performance of tasks and other obligations provided for in the mandate contract. The equipment/car will be handed over to the Company on the basis of minutes at the termination of the mandate, but not later than five working days from the termination of this Contract, regardless of the reason;
- ✓ in the event that he does not reside in Bucharest/within a radius of 60 km from Bucharest, a member of the Directorate has the right to settle, c/v the amount of the monthly rent within the limit of the equivalent in lei of a net amount of up to 780 euros/month;
- ✓ to settle the cost of transport (road, air, rail) from the domicile specified in the Identity Card to the Company's headquarters and return within the limit of a net amount of 2,000 lei/month.

Final and transitional provisions

Taking into account that the non-executive and executive administrators of the Company, respectively the members of the Supervisory Board and the Board of Directors have provisional mandates, the current remuneration policy will be revised significantly, after the appointment of the members of the Supervisory Board and the members of the Board of Directors respectively, following the completion of the procedure of selection according to the provisions of GEO 109/2011 regarding the corporate governance of public enterprises, with subsequent amendments and additions; After voting on the remuneration policy during the ordinary annual general meeting of shareholders provided for in art. 111 of Law no. 31/1990, the remuneration policy, together with the date and results of the vote will be published without delay on the Transelectrica website and remain available to the public, free of charge, at least as long as they are applicable.

Annually, according to art. 107 of Law 24/2017 on issuers of financial instruments and market operations, with subsequent amendments and additions, the Company prepares a clear and easy-to-understand remuneration report, which provides a comprehensive overview of remuneration, including all benefits, regardless of form, granted or owed during the last financial year, to individual managers, including newly recruited and former managers in accordance with the remuneration policy. The remuneration report related to the most recent financial year is subject to voting at the ordinary annual general meeting of shareholders provided for in art. 111 of Law no. 31/1990, the opinion of the shareholders in the general meeting regarding the remuneration report, resulting from the vote, having an advisory character.



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Contact

**Document developed by the Supervisory Board of CNTEE "Transelectrica" S.A.,
by the Nomination and Remuneration Committee**

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