

Nr. DG12774/16.03.2018

Submitted for assessment and approval in the OGMS of 26.04.2018

Report on the approval of the overall limits of the variable component of the remuneration of Transgaz' directors in view of their approval by the General Ordinary Meeting of the Shareholders

SUMMARY

Between June 12 and July 21, 2017, the Board of Administration together with the members of Transgaz' Nomination and Remuneration Advisory Committee conducted the procedure for the selection of Transgaz' Director General and Chief Financial Officer, in compliance with the provisions of art.35 of GEO no.109/2011 on Corporate Governance of Public Enterprises, as amended and supplemented.

Following the conclusion of the selection procedure, Mr. Ion Sterian was appointed Director General of the National Gas Transmission Company TRANSGAZ SA and Mr. Lupean Marius Vasile as Chief Financial Officer by the Decision No. 24/21.07.2017, art.2.

At the same time Transgaz, at the request of the Nomination and Remuneration Advisory Committee from the Board of Administration contracted together with Transearch International SRL "The Comparative Study on the Conditions related to the Remuneration of the Members of Transgaz' Board of Administration of the General Director and of the Chief Financial Officer" , study necessary for the Board of Administration to set the remuneration of the directors according to art.38 of GEO no. 109/2011 on Corporate Governance of Public Enterprises, as amended and supplemented.

At the same time, art.153¹⁸, paragraph (2) of the Companies' Law no. 31/1990, republished, as amended, stipulates that the remuneration of directors in the unitary system is established by the Board of Administration and the General Meeting of Shareholders sets the overall limits of the remunerations.

By the GOMS Decision no 2/06.03.2018, art 3 the maximum limit of the fixed monthly allowance granted to the Director General and to the Chief Financial Officer was approved and the setting of the variable component of the remuneration was postponed until the following general meeting of the shareholders.

PROPOSAL:

We submit for assessment and approval to the General Ordinary Meeting of the Shareholders of the National Gas Transmission Company TRANSGAZ SA, in line with the provisions of art 15, para (3) letter d of the company's Articles of Incorporation, updated in conjunction with the provisions of art.153 ^ 18, paragraph (2) of the Law no.31/1990- Companies' Law, republished, as subsequently amended and supplemented, the overall limits of the variable component of the remuneration of Transgaz' General Director and Chief Financial Officer, as follows:

Director General - Variable component up to the maximum amount of Euro 377.5 thousand gross/year;

Chief Financial Officer-Variable component up to the maximum amount of Euro 36 thousand gross/year;

Detailed content of the report

Considering:

- the provisions of Companies' Law no. 31/1990, republished as subsequently amended and supplemented art.153^18, para (1) "Additional remuneration of the members of the board of administration or of the supervisory board with specific functions within the respective body, in accordance with - Companies Law, as well as the remuneration of the directors in the unitary system, or the remuneration of directors, in the dual system, are determined by the board of administration, respectively by the supervisory board. The Articles of Incorporation or the General Meeting of Shareholders sets the general limits of all remuneration granted in this way";
 - The provision of the company's updated Articles of Incorporation, art.15, para.(3), point d, according to which Transgaz' General Ordinary Meeting of the Shareholders, approves the general limits of the directors' remuneration;
 - the provisions of GEO no.109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented, art.38, paragraph (2) the directors' remuneration consists of a monthly fixed allowance and a variable component;
 - the provisions of GEO no.79/08.11.2017 for the amendment and supplementing of Law no. 227/2015 on the Fiscal Code;
 - The Comparative Study on the Conditions of Remuneration of the Members of the Board of Administration of SNTGN TRANSGAZ SA, the Director General and the Chief Financial Officer, drawn up by Transearch International SRL;
- GOMS Decision no 2/06.03.2018, art 3 approving the maximum limit of the fixed monthly allowance granted to the Director General and to the Chief Financial Officer and the postponement of the setting of the variable component of the remuneration until the following general meeting of the shareholders.

The Advisory Remuneration and Nomination Committee recommends to Transgaz' Board of Administration to endorse:

- the general limits of the variable component of the remuneration of the Director General and of the Chief Financial Officer of the National Gas Transmission Company TRANSGAZ SA, as follows:

Director General - the variable component within the limit of Euro 377.5 thousand gross/year;

Chief Financial Officer - the variable component within the limit of Euro 36 thousand gross/year.

The variable component related to the Director General differs from the one related to the Chief Financial Officer because of the following reasons:

In accordance with article 35, paragraph (1) of Government Emergency Ordinance no.109/2011 on Corporate Governance of Public Enterprises, as subsequently amended and supplemented, the Board of Administration delegates the management of the company to one or more directors, appointing one of them as Director general. According to Transgaz' Articles of Incorporation, updated, art. 19, paragraph 7, the Board of Administration will delegate the management of the company to the Director General, who represents the company in its relations with third parties. Therefore, in what TRANSGAZ is concerned, the Board of Administration delegated the management of the company to the Director General.

At the same time by the Decision of the Board of Administration no.16/26.05.2017, art.5, the Board of Administration delegated a number of tasks from its area of competence to the Director General of the company.

Chairman of the meeting

Minea Nicolae