

No.95254/14.12.2021

Submitted for approval in the OGMS meeting of 20/21 January 2022

## REPORT

### **regarding the approval of the general limits of the variable component of the remuneration of the SNTGN Transgaz SA directors**

#### SUMMARY

In the meeting held on 10 May 2021, by Resolution No. 16, Art. 4, 5, the Board of Administration approved the initiation of the procedure of selection of the Director - General and the Chief Financial Officer of SNTGN TRANSGAZ SA, in accordance with GEO 109/2011 on the corporate governance of public enterprises, as further amended and supplemented. The selection procedure was performed by the Nomination and Remuneration Advisory Committee between 10 May and 20 July 2021 and was finalized by completing the Report on the final appointments for the position of Director - General and Chief Financial Officer of SNTGN TRANSGAZ SA.

Also, in accordance with GEO 109/2011 on the corporate governance of public enterprises, as further amended and supplemented, Art. 38, the remuneration of the directors is established by the Board of Administration and consists in a fixed allowance and a variable component.

According to Art. 153<sup>^</sup>18 (2) of Law 31/1990 - the Companies Law, republished, as further amended and supplemented, the remuneration of the directors, in the unitary system, is established by the Board of Administration, and the General Meeting of the Shareholders sets the general limits of the remuneration.

Following the conclusion of the selection procedure, by Resolution 22/27.07.2021 of the Board of Administration, Mr. Ion Sterian was appointed Director - General of SNTGN TRANSGAZ SA, and Mr. Marius Vasile Lupean was appointed Chief Financial Officer.

The remuneration policy approved at the company level stipulates that the level of the variable component for the director - general and for the financial officer is established according to the duly motivated recommendations, formulated on the basis of a comparative study on the remuneration conditions for similar positions in companies in the same field, where the state holds a majority stake or which are fully controlled by the state, in other European countries.

At the same time, SNTGN TRANSGAZ SA, at the request of the Nomination and Remuneration Advisory Committee within the Board of Administration, signed Service Contract No. 269 /13.05.2021 with ARC Consulting Human Resources Services for the preparation of the Consolidated Report regarding the comparative study regarding the conditions of remuneration

of the members of the SNTGN TRANSGAZ SA Board of Administration, Director - General and Chief Financial Officer.

## **PROPOSAL**

Based on Art. 15 (3) (d) of the updated Articles of Incorporation of the company, corroborated with the provisions of Art. 153<sup>18</sup> (2) of Law 31/1990 - the Companies Law, republished, as further amended and supplemented, we submit for approval in the Ordinary General Meeting of Shareholders of SNTGN TRANSGAZ SA

**the general limits of the variable component of the Director - General and of the Chief Financial Officer of SNTGN TRANSGAZ SA, as follows:**

- 1. Director - General - Variable component up to the amount of Eur 495,000 gross/year;**
- 2. Chief Financial Officer - Variable component up to the amount of Eur 80,000 gross/year;**

### **Detailed content of the report**

Considering:

- Law 31/1990 - the Companies Law, republished, as further amended and supplemented, Art. 153<sup>18</sup> (2), 'The additional remuneration of the Board of Administration or Supervisory Board members holding specific positions within the relevant body, and the remuneration of the directors, in the unitary system, or of the members of the directorate, in the dualistic system, shall be established by the Board of Administration, the Supervisory Board respectively. The Articles of Incorporation or the General Meeting of the Shareholders shall set the general limits of the entire remuneration granted in this way';
- the updated Articles of Incorporation of the company, Art.15 (3) (d), according to which the Ordinary General Meeting of the Shareholders of SNTGN TRANSGAZ SA, approves the general limits of the directors' remuneration;
- GEO 109/2011 on the corporate governance of public enterprises, as further amended and supplemented, Art. 38 (2), the remuneration of the directors consists in a fixed monthly allowance and a variable component;
- GEO 79/08.11.2017 for the amending and supplementation of Law 227/2015 on the Fiscal Code;
- The policy and criteria for the remuneration of the administrators, the Director - General and the Chief Financial Officer of SNTGN Transgaz SA, approved at the company level;
- The Comparative study regarding the conditions of remuneration of the members of the SNTGN TRANSGAZ SA Board of Administration, Director - General and Chief Financial Officer prepared by ARC Consulting Human Resources Services;

The Remuneration and Nomination Advisory Committee submits for approval to the Ordinary General Meeting of Shareholders:

- **the general limits of the remuneration of the Director - General and of the Chief Financial Officer of SNTGN TRANSGAZ SA, as follows:**

**1. Director - General - Variable component up to the amount of Eur 495,000 gross/year;**

**2. Chief Financial Officer -Variable component up to the amount of Eur 80,000 gross/year.**

The variable component of the Director-General differs from that of the Chief Financial Officer for the following reasons:

- In accordance with Art. 35 (1) of GEO 109/2011 on corporate governance of public enterprises, as further amended and supplemented, the Board of Administration delegates the management of the company to one or more directors, appointing one of them director - general.
- According to the updated Articles of Incorporation of SNTGN TRANSGAZ SA, Art.19 (7), the Board of Administration delegated the management of the company to the Director - General, who represents the company in relations with third parties.

### **Nomination and Remuneration Advisory Committee**

**Petru Ion Văduva**

**Nicolae Minea**

**Csaba Orosz**