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GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**
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Report on the approval of the template of the contract of mandate including the fixed remuneration component related to the period 30 April 2017 – 29 April 2021 and the empowerment of a shareholders' representative to sign the contract of mandate

SUMMARY

This report includes the request for the approval by the General Meeting of the Shareholders of Transgaz of the template of the contract of mandate including the fixed remuneration component related to the period 30 April 2017 – 29 April 2021, contract to be concluded by the representative appointed by the General Meeting of the Shareholders of Transgaz and by each of the Transgaz Administrators, to be valid over a four year mandate to begin on 30 April 2017.

PROPOSAL

Based on the provisions of Art. 15, sentence 3, paragraph (d) of the updated Articles of Incorporation of Transgaz, corroborated Art. 29 (11) of GEO 109/2011 on the corporate governance of public enterprises, as further amended and supplemented, the Board of Administration of Transgaz proposes the approval by the Ordinary General Meeting of Transgaz of the following:

- a) The contract of mandate template including the fixed remuneration component for Transgaz's administrators, as applicable for the period 30 April 2017 – 29 April 2021 for the administrators, provided that, for the provisional administrators and the administrators appointed by the General Meeting of the Shareholders subsequent to the vacancy of a position of administrator during the four years mandate for the above mentioned period, the contractual clauses related to the duration of the contract of mandate shall be adapted in line with the applicable laws, and***
- b) The empowerment of a shareholders' representative to sign the contracts of mandate with Transgaz's Administrators on behalf of the General Meeting of the Shareholders of Transgaz.***

for their approval by the Ordinary General Meeting of the Shareholders of Transgaz.

DETAILED CONTENT OF THE REPORT

Considering the latest amendments and supplementations to GEO 109/2011 on corporate governance of public enterprises by Law no. 111 of 27 May 2016 published in Official Journal 415/1 June 2016, the provisions included in Annex 1b 'Mandatory Elements of the Contract of Mandate' of GD 722/2016 on the approval of the Methodological rules for the application of certain provisions of Government Emergency Ordinance 109/2011 on corporate governance of public enterprises, and of Law 13/2017 on the approval of Government Emergency Ordinance 51/2013 on the amending and supplementing of Government Emergency Ordinance 109/2011 on corporate governance of public enterprises, published in Official Journal of Romania, Part I, no. 194/20.III.2017,

Transgaz's Advisory Remuneration and Nomination Committee recommended the Board of Administration to approve the draft contract of mandate drawn up by the serving administrators of Transgaz (Appendix 1).

Thus, the members of the Advisory Remuneration and Nomination Committee considered the template of the contract of mandate including the fixed component of the remuneration to be concluded between Transgaz's General Meeting of the Shareholders acting as MANDATOR and Transgaz's administrators as MANDATORIES, pursuant to Annex 1b, sentence 1, paragraph b of GD 722/2016 approving the Methodological rules for the application of certain provisions of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, which will be applicable in their following four-year mandate. The Nomination and Remuneration Advisory Committee took into account in the drafting of the draft contract of mandate, both aspects of the standardization of mandate periods as well as the legal provisions in force, concluding that the draft mandate contract

- a. Will have a duration of four years, as of 30 April 2017 and
- b. fully complies with the legal provisions in force, being prepared under Annex 1b 'Mandatory elements of the contract of mandate' of GD 722/2016 approving the Methodological rules for the application of certain provisions of the Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, and of Law 13/2017 on the approval of Government Emergency Ordinance 51/2013 on the amending and supplementing of Government Emergency Ordinance 109/2011 on corporate governance of public enterprises, published in Official Journal of Romania, Part I, no. 194/20.III.2017

recommending the Board of Administration to endorse it and submit it for the approval of the General Meeting of the Shareholders in line with the provisions of Art. 29 (11) of GEO 109/2011 on corporate governance of public enterprises, as further amended and supplemented.

By the delivery of a favourable opinion on the draft Contract of Mandate including the fixed remuneration component of the administrators, based on Art. 29 (11) of GEO 109/2011 on corporate governance of public enterprises, Transgaz's Board of Administration submits for approval the draft contract of mandate to be concluded by Transgaz's General Meeting of the Shareholders, acting as MANDATOR, and Transgaz's administrators, as MANDATORIES, to be applicable as of 30 April 2017 for a period of four years, until 29 April 2021. At the same time, the Board of Administration requests the empowerment by Transgaz's General Meeting of the Shareholders of one of its representatives to sign the Contract of mandate on behalf of the MANDATOR.

The draft contract of mandate including the fixed remuneration component, valid for the administrators between 30.04.2017 and 29.04.2021 is enclosed to this report.

Chairman of the Board of Administration
Ion Sterian