

**Avizat / Endorsed**  
**Director General / CEO**  
**Georgeta-Corina POPESCU**



**NOTA/ NOTE**

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| <b>AUTOR /</b> | <b>Numar /Number</b>     | 9900/9131/26.09.2019                              |
| <b>AUTHOR</b>  | <b>Entitate / Entity</b> | Directia Resurse Umane / Human Resources Division |

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|--|---|--------------------------------|----------------------------------|--------------------------------|
| <b>1.Referitor la/<br/>Referring to</b>  | Propunerile de modificare ale Politicii de Remunerare pentru Administratori si Directorii Executivi ai SE Electrica SA. / Proposals on amending the SE Electrica SA Directors and Executive Managers Remuneration Policy.   |                                |                                  |                                |
| <b>2. Pentru / For</b>   |   | <b>Aprobare /<br/>Approval</b> | <b>Avizare /<br/>Endorsement</b> | <b>Informare / Information</b> |
|  | <b>CA / BoD</b>   |                                | <b>X</b>                         |                                |
|  | <b>AGA/ GMS</b>   | <b>X</b>                       |                                  |                                |
| <b>3. Hotararea propusa</b><br><br>Consiliul de Administratie avizeaza, in vederea inaintarii spre aprobare Adunarii Generale Ordinare a Actionarilor urmatoarele:<br><br><b>i. Modificarea Politicii de Remunerare pentru Administratori si Directori Executivi</b> în vigoare la nivelul Companiei, prin eliminarea urmatorului paragraf de la art. 4.1. „Consiliul de administratie”, litera ii.: „Numarul anual de sedinte pentru care urmeaza a fi acordata indemnizatia este limitat la 12 în cazul CA si la 6 sedinte pentru fiecare comitet în parte. Sedinte suplimentare ale comitetelor pot fi organizate numai în situatii exceptionale, în conformitate cu decizia presedintilor care sunt responsabili de organizarea eficienta a agendei de lucru si a activitatii. Cu toate acestea, doar o singura astfel de reuniune suplimentara va fi remunerata, pentru fiecare comitet.” | <b>3. Proposed resolution</b><br><br>The Board of Directors endorses and submits for the approval of the Ordinary General Meeting of Shareholders the following:<br><br><b>i. The amendment of the Company’s Remuneration Policy for Directors and Executive Managers</b> in force, by by eliminating the following paragraph of Art. 4.1. “Board of Directors”, letter ii.: “The annual number of meetings to be remunerated is limited to 12 for BoD and to 6 of each committee. Additional committee meetings can be organized only in exceptional situations, according to the chairs’ decision, who are responsible to efficiently organize the committee’s’ agenda and activity. However, only one such additional meeting shall be remunerated, for each committee.” |                                |                                  |                                |

ii. **Modificarea Politicii de Remunerare pentru Administratori si Directori Executivi**, în vigoare, la nivelul Companiei, prin modificarea art. 4.1. „Consiliul de administratie”, litera iv., dupa cum urmeaza: „Administratorii vor beneficia de o polita de asigurare profesionala tip „directors & officers liability”, avand o valoare asigurata de 10 milioane EUR / persoana / eveniment, conform termenilor din piata. Polita va acoperi si o perioada post-mandat, respectiv de pana la 3 (trei) ani, pentru evenimente survenite ca urmare a activitatii desfasurate de Administratori, pe perioada mandatului acestora. Societatea va suporta si va plati costul primelor acestei asigurari.”

iii. **Modificarea Politicii de Remunerare pentru Administratori si Directori Executivi**, în vigoare, la nivelul Companiei, prin completarea art. 4.1. „Consiliul de administratie”, cu litera viii. care va avea urmatorul continut: „Administratorii vor beneficia de o Compensatie de neconcurenta în cuantum de 12 Remuneratii Lunare Fixe Brute, clauza producand efecte pe teritoriul Uniunii Europene. Compensatia de neconcurenta se va putea aplica numai în situatia în care Administratorii nu vor mai detine nicio functie în cadrul Companiei si/sau în cadrul Grupului Electrica ulterior încetarii Contractulelor de Mandat.”

iv. **Modificarea Politicii de Remunerare pentru Administratori si Directori Executivi**, în vigoare, la nivelul Companiei, prin completarea alineatului 4.2.1. “Limitele generale de remunerare pentru CEO ELSA”, precum si a alineatului 4.2.2. “Limitele generale de remunerare pentru directorii executivi ELSA (numiti de CA pe baza de mandat)”, cu litera d) care va avea urmatorul continut: „Directorii Executivi vor beneficia de o polita de asigurare profesionala tip „directors & officers liability”, avand o valoare asigurata de 10 milioane EUR / persoana / eveniment, conform termenilor din piata. Polita va

ii. **The amendment of the Company’s Remuneration Policy for Directors and Executive Managers** in force, by modifying Art. 4.1. “Board of Directors”, letter iv., as follows: “The Directors will benefit from a professional insurance policy, "directors & officers liability" type, having an insured value amounting to EUR 10 million / person / event, according to market terms. The policy will also cover a post-mandate period, respectively up to 3 (three) years, for events that occurred as a result of the activity carried out by the Directors, during their mandate. The insurance premiums will be supported and paid by the Company.”

iii. **The amendment of the Company’s Remuneration Policy for Directors and Executive Managers** in force, by completing Art. 4.1. “Board of Directors”, with letter viii., having the following content: “The Directors will benefit from a Non-compete compensation of 12 Fixed Gross Monthly Remunerations, the clause being effective in the territory of the European Union. The Non-compete compensation can only be applied in the event that the Directors will no longer hold any position within the Company and / or within the Electrica Group after the termination of their Mandate Agreements.”






iv. **The amendment of the Company’s Remuneration Policy for Directors and Executive Managers**, in force, by completing para. 4.2.1. “The general remuneration limits for ELSA CEO”, as well as para. 4.2.2. “The general remuneration limits for ELSA executive managers (mandate appointed by the BoD)”, with letter d), as follows: “The Executive Managers will benefit from a professional insurance policy, "directors & officers liability" type, having an insured value amounting to EUR 10 million / person / event, according to market conditions. The policy will also cover a post-mandate period, respectively up to 3

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| <p>acoperi si o perioada post-mandat, respectiv de pana la 3 (trei) ani, pentru evenimente survenite ca urmare a activitatii desfasurate de Directorii Executivi, pe perioada mandatului acestora. Societatea va suporta si va plati costul primelor acestei asigurari.”</p>  | <p>(three) years, for events that occurred as a result of the activity carried out by the Executive Managers, during their mandate. The insurance premiums will be supported and paid by the Company.”</p>  |
| <p><b>4. Baza legala</b><br/> - Legea. 31/1990 – Art.111 alin (2) lit. c)<br/> - Legea. 31/1990 – Art.153<sup>18</sup><br/> - Actul Constitutiv – Art. 14 (3) lit. a)</p>   | <p><b>4. Legal background</b><br/> - Law 31/1990 – Art. 111 para (2) letter c)<br/> - Law 31/1990 – Art. 153<sup>18</sup><br/> - Article of Association – Art. 14 (3) letter a)</p>   |
| <p><b>5. Continut</b></p> <p><b>5.1. Context</b></p> <p>Prin Hotararea AGOA nr.1/09.02.2018 (punctul 5) a fost aprobata Politica de Remunerare pentru Administratori, care a fost transpusa in Politica de Remunerare pentru Administratori si Directori Executivi, in vigoare la acest moment la nivelul companiei.</p> <p>Necesitatea actualizarii Politicii rezulta din complexitatea activitatii desfasurate la nivelul Grupului, proiectele de importanta strategica, demarate, dar si provocarile pietei de energie.</p> <p>In prezent, Grupul Electrica cuprinde un numar de 6 companii operationale (3 companii de distributie, o companie de furnizare si doua companii de servicii energetice, din care una iesita de curand din procedura insolventei) a caror activitate este supravegheata (prin emiterea de catre Consiliul de Administratie a mandatelor de vot pentru adunarile generale ale actionarilor filialelor, in limitele competentelor prevazute de Actul Constitutiv al Societatii Energetice Electrica SA), alaturi de operatiunile companiei mama – Electrica.</p> <p>De asemenea, noua strategie de afaceri la nivelul Grupului Electrica prevede noi linii de activitate, inclusiv prin dezvoltare anorganica, ceea ce va conduce la o complexitate suplimentara a activitatii si a volumului de operatiuni aflate sub supravegherea si coordonarea Consiliului de Administratie al societatii.</p> <p>Justificarea propunerilor de modificare a Politicii pe fiecare element in parte este prezentata in continuare :</p> <ul style="list-style-type: none"> <li>- <b>Cu privire la eliminarea plafonarii numarului de sedinte ale Consiliului de Administratie si ale Comitetelor consultative</b></li> </ul> | <p><b>5. Content</b></p> <p><b>5.1. Background</b></p> <p>The OGMS has approved through Decision no. 1/09.02.2018 (point 5) the Remuneration Policy for Directors, which was subsequently transposed in the Remuneration Policy for Directors and Executive Managers currently in force at the level of the company.</p> <p>The need to update the Policy results from the complexity of the activity performed at Group level, the undertaken strategic projects, as well as the energy market challenges.</p> <p>Currently, Electrica Group has 6 operating companies (3 distribution companies, one supply company and two energy services companies, thereof one recently went out of the insolvency procedure), whose activity is supervised (through the issuance by the Board of Directors of mandates for voting in the general shareholders’ meetings of the subsidiaries, in the competency limits provided by the Articles of Association of SE Electrica SA), along with the activities of the parent company – Electrica.</p> <p>Also, the new business strategy at the level of Electrica Group refers to new business lines, including by inorganic growth, which will lead to an additional complexity of the activity and of the volume of operations under the supervision and coordination of the company’s Board of Directors.</p> <p>The justification of the proposals for amending the Policy on each item is included below:</p> <ul style="list-style-type: none"> <li>- <b>With regards to the elimination of the cap of the number of meetings of the Board of Directors and committees</b></li> </ul> |

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| <p>Ca practica generala, remuneratia lunara a conducerii neexecutive este formata din doua elemente:</p> <ul style="list-style-type: none"> <li>- o plata fixa, aferenta responsabilitatii asumate;</li> <li>- o plata variabila, ce compenseaza în general prezenta la sedintele Consiliului de Administratie.</li> </ul> <p>În plus, similar cu alte state europene, companiile din Romania ofera membrilor consiliilor de administratie si un bonus variabil, în functie de performanta companiei.</p> <p>Sistemul de remuneratie al membrilor Consiliului de Administratie ai Electrica, asa cum a fost aprobat de actionari, prevede o remuneratie fixa si o remuneratie pentru participarea la sedintele Consiliului sau ale Comitetelor consultative. Pentru administratorii Electrica nu exista vreo forma de bonus de performanta variabil.</p> <p>Avand in vedere complexitatea activitatii desfasurate la nivelul Consiliului de Administratie al societatii si principiul remuneratiei echitabile pentru activitatea depusa, propunem eliminarea plafoanelor existente in ceea ce priveste numarul de sedinte, respectiv comitete consultative remunerate, pentru membrii Consiliului de Administratie.</p> <p>Precizam ca, in conformitate cu Statutul societatii, Consiliul de Administratie se intruneste de douasprezece ori pe an si numai in cazuri exceptionale, justificate de urgenta unor aprobari care nu suporta amanare pana la urmatoarea sedinta lunara, se organizeaza sedinte suplimentare.</p> <p>In practica, comparativ cu alte companii din Romania si din Uniunea Europeana, numarul sedintelor de comitete, cat si de sedinte ale Consiliului de Administratie este semnificativ mai mare în cazul Electrica tocmai avand in vedere complexitatea sus-mentionata, inclusiv exercitarea rolului de supraveghere asupra tuturor companiilor din Grup, avand in vedere calitatea de actionar si atributiile aferente conferite de Legea 31/1990 privind societatile comerciale. Nivelul de remunerare trebuie corelat cu volumul efectiv de munca si atributiile membrilor Consiliului de Administratie.</p> <p>Conform art. 144<sup>1</sup> alin. (1) din Legea 31/1990, „membrii consiliului de administratie își vor exercita mandatul cu prudenta si diligenta unui bun administrator”. Astfel, avand in vedere prevederile</p> | <p>As a general practice, the monthly remuneration of the non-executive management includes two elements:</p> <ul style="list-style-type: none"> <li>- a fixed payment, related to the undertaken responsibility;</li> <li>- a variable payment, generally compensating the attendance to BoD meetings.</li> </ul> <p>In addition, similarly to other European countries, Romanian companies offer to the BoD members a variable bonus, based on the company's performance.</p> <p>The remuneration system of the members of Electrica's BoD, as approved by the shareholders, includes a fixed remuneration and a remuneration for attendance to the meetings of the Board or of the Consultative Committees. For Electrica's directors, there is no form of variable performance bonus.</p> <p>Considering the complexity of the activity performed at the level of the company's Board of Directors and based on the principle of fair remuneration for the undertaken activity, we propose the elimination of the existing caps with regards to the number of the BoD meetings, and respectively of the committee meetings, which are remunerated for the members of the Board of Directors.</p> <p>We mention that, according to the company's Articles of Association, the Board of Directors is convened 12 times per year and only in exceptional cases, justified by the urgency of approvals that cannot be postponed until the next monthly meeting, additional meetings are organized.</p> <p>In practice, as compared to other companies in Romania and in the European Union, the number of the committee and Board of Directors meetings is significantly higher for Electrica, particularly considering the aforementioned complexity, including exercising its supervisory role over all the Group companies, considering its shareholder role and the related attributions as per the Company Law 31/1990. The remuneration level must be correlated with the actual volume of work and the attributions of the members of Board of Directors.</p> <p>According to art. 144<sup>1</sup> para. (1) of Law 31/1990, „members of the board of directors will exercise their mandate with the prudence and diligence of a good manager”. Thus, considering the legal</p> |
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| <p>legale, ca si in trecut, sedintele Consiliului de Administratie si ale comitetelor se vor organiza doar tinand cont de necesitatile reale ale societatii, decurgand din atributiile legale si statutare ale acestor organe. Pentru referinta, mentionam ca in ultimii 3 ani calendaristici incheiati, numarul mediu de sedinte CA pe an a fost de 18, iar numarul mediu de sedinte al fiecarui comitet pe an a fost de 12.</p> <p><b>- Cu privire la modificarile Politicii in ceea ce priveste prevederile Politei de asigurare de tip D&amp;O</b></p> <p>Incheierea unei polite de asigurare pentru administratorii si directorii companiei (polita D&amp;O – directors and officers) a fost aprobata deja de actionarii societatii, prin Adunarea Generala din data 09.02.2018, iar aceasta obligatie din partea societatii este cuprinsa in contractele de mandat ale administratorilor, aprobate de actionari.</p> <p>Avand in vedere ca daunele produse de evenimentele asigurate prin aceasta polita pot aparea la un moment ulterior incetarii contractului de mandat al administratorului cu societatea, propunem extinderea valabilitatii politei de asigurare pana la 3 ani dupa incetarea contractului de mandat, perioada obisnuita de prescriptie civila.</p> <p>Aceasta modificare este in beneficiul Societatii, avand in vedere ca in cazul producerii unui eveniment asigurat, Societatea isi poate recupera cu siguranta si rapiditate pierderea suferita de la Societatea de asigurari, beneficiind de o perioada mai extinsa in care se poate notifica o dauna sau o circumstanta de dauna.</p> <p><b>- Cu privire la modificarile Politicii in ceea ce priveste clauza de neconcurenta pentru administratori</b></p> <p>In conformitate cu prevederile Legii 31/1990 care reglementeaza competentele actionarilor, si cu prevederile Actului Constitutiv al Electrica referitoare la competenta de a acorda mandate in adunarile generale ale actionarilor ale filialelor, membrii Consiliului de Administratie au acces la toate informatiile de natura tehnica, financiara si strategica ale societatilor din grup si sunt la curent cu toate initiativele strategice, critice pentru asigurarea unui avantaj competitiv desfasurate in societate si la nivel</p> | <p>provisions, as in the past, the BoD and committee meetings will only be organized taking into account the actual needs of the company, deriving from the legal and statutory attributions of these bodies. For reference, we mention that, in the last 3 completed calendar years, the average annual number of BoD meetings was 18, and the average annual number of meetings for each committee was 12.</p> <p><b>- With regards to the changes of the Policy on the provisions of the D&amp;O Insurance Policy</b></p> <p>The conclusion of an insurance policy for the companys’ directors and executive managers (D&amp;O policy - directors and officers) has already been approved by the shareholders of the company, by the General Meeting that took place on 9<sup>th</sup> of February 2018, and this obligation on the part of the company is included in the directors’ mandate agreements, approved by shareholders.</p> <p>Considering that the damages caused by the events insured by this policy can appear subsequently to the termination of the directors’ mandate agreement with the company, we propose to extend the validity of the insurance policy up to 3 years after the termination of the mandate agreement, the usual period of civil prescription.</p> <p>This amendment is for the benefit of the Company, considering that in case of an insured event, the Company can recover the loss from the Insurance Company, safely and quickly, benefiting from an extended period where a damage or a damage circumstance can be notified.</p> <p><b>- With regards to the changes of the Policy on the non-competition clause for directors</b></p> <p>According to the provisions of Law 31/1990 which regulates the shareholders competences, and with the provisions of Electrica’s Articles of Association regarding the competence of granting the mandates for the general meetings of the shareholders of the subsidiaries, the members of the Board of Directors have access to all the technical, financial and strategic information of the group companies and they are informed about all the strategic initiatives, critical in order to ensure a</p> |
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| <p>de Grup, a caror aprobare este de competenta AGA filialelor.</p> <p>In acest moment Electrica ia in considerare mai multe proiecte de crestere anorganica, prin achizitia unor active sau companii, unde elementele de evaluare si strategii sunt aprobate la nivelul Consiliului de Administratie.</p> <p>In acest sens, consideram ca este absolut imperativ sa existe o perioada de neconcurenta (denumita si <i>cooling off period</i>), in care administratorii societatii sa nu poata sa lucreze in interesul unor competitori ai Electrica din domeniile in care activeaza Grupul.</p> <p>Perioada uzuala in astfel de situatii este de 12 luni de la incetarea contractului de mandat, la finalul careia informatiile de natura sensibila la care au avut acces administratorii se considera ca nu ar mai fi semnificative din punct de vedere al utilizarii/impactului. Aceasta modificare este menita sa alinieze prevederile specifice administratorilor si directorilor executivi.</p> <p>Pentru ca o astfel de clauza de neconcurenta sa fie efectiva, aceasta trebuie sa fie remunerata. In acest sens, se propune introducerea unei prevederi in contractele de mandat ale administratorilor.</p> <p>Celelalte prevederi ale Politicii de Remunerare a Membrilor Consiliului de Administratie al SE Electrica SA, raman nemodificate, conform Anexei 1.</p> | <p>competitive advantage developed within the company and at Group level, whose approval is on the competence of the GMS subsidiaries.</p> <p>At this moment, Electrica considers several projects for inorganic growth, by purchasing some assets or companies, where the strategic and evaluation criteria are approved by the Board of Directors.</p> <p>In this respect, we consider that it is mandatory to have a non-compete period (also known as <i>cooling off period</i>), within the company's Directors will be prohibited to work for Electrica's competitors on the market that the Group is acting on.</p> <p>The usual period for the above situation is 12 months, after the termination of the mandate agreement, at the end of this period the sensitive information that the Board of Directors had access to it is no longer considered significant from the using/impact point of view. The amendment is made in order to align the specific provisions of the directors and executive managers.</p> <p>In order to be effective a non-compete clause has to be remunerated. In this respect, the proposal is to include such provision in the Directors' Mandate Agreements.</p> <p>The other provisions of Electrica's Remuneration Policy for Directors' and Executive Managers' shall remain unmodified, according to Appendix 1.</p> |
| <p><b>6. Anexe:</b></p> <p><b>Anexa 1:</b> Politica de remunerare a Directorului General si a Directorilor Executivi ai Electrica S.A.</p>  | <p><b>6. Annexes:</b></p> <p><b>Appendix 1:</b> Electrica S.A Board of Directors Remuneration Policy</p>   |

| Avizatori /Endorsement  | Semnatura/ Signature  |
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| <p><b>Director Financiar / CFO</b><br/>Mihai DARIE</p>  |  |
| <p><b>Director Strategie si M&amp;A / CSO</b><br/>Anamaria-Dana ACRISTINI-GEORGESCU</p>           |  |
| <p><b>Director Dep. Juridic / Head of Legal</b><br/>Stefania ANDRUHOVICI</p>                      |  |
| <p><b>Director Dep. Secretariat General / Head of General Secretary</b><br/>Catalina NEDELUCU</p> |   |
| <p><b>Autor / Author</b><br/><b>Director Directia RU / CHRO</b><br/>Bibiana CONSTANTIN</p>        |  |

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