

1.2. Establishing the remuneration of the members of the Board in accordance with GEO 109/2011 on corporate governance of Public Enterprises

A. Legal basis

Art.37 paragraph (2) of GEO no. 109/2011: "The remuneration of the non-executive members of the board of directors or of the supervisory board consists of a monthly fixed indemnity and a variable component. Fixed indemnity cannot exceed twice the average of the monthly average gross monthly salary in the last 12 months according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment. The variable component is established on the basis of financial and non-financial performance indicators negotiated and approved by the general meeting of shareholders. [...] The amount of the variable component of non-executive members cannot exceed 12 monthly indemnities.

Article 37 paragraph (3) of GEO no. 109/2011: "The remuneration of the non-executive members of the board of directors or of the supervisory board consists of a monthly fixed indemnity and a variable component. Fixed indemnity cannot exceed twice the average of the monthly average gross monthly salary in the last 12 months according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment, and from a variable component. The variable component shall be based on financial and non-financial performance indicators, negotiated and approved by the general meeting of the shareholders, different from those approved for non-executive directors, determined in accordance with the methodology provided in art.31 paragraph (5).

Paragraph (4) The variable component of the members of the Management board or of the supervisory board shall be reviewed annually, depending on the level of achievement of the objectives included in the management plan and the degree of fulfillment of the financial and non-financial performance indicators approved by the general assembly Shareholders, the annex to the mandate contract. "

Art.38 paragraph 1 of GEO no.109/2011: "The remuneration of directors shall be determined by the board and may not exceed the level of remuneration established for the executive members of the board of directors. It is the only form of remuneration for executives who also fulfill the quality of administrators."

Art.38 paragraph 2 of Government Emergency Ordinance no. 109/2011: "The remuneration is made up of a monthly fixed indemnity established within the limits provided by art. 3 paragraph (3) and a variable component consisting of a share of the net profit of the company, the granting of shares, stock-options or an equivalent scheme, a pension scheme or another form of remuneration based on performance indicators. "

B. Payment of remunerations

The level of the fixed annual indemnity of the non-executive members of the Management Board:

$3,490 \text{ lei/month} \times 2 \text{ members} \times 5 \text{ months} = 34,900 \text{ lei}$ indemnity for members during January-May 2017 - applicable to the administrators appointed on 20.03.2014 and on 30.04.2015

$3,877 \text{ lei/month} \times 2 \text{ members} \times 5 \text{ months} = 38,770 \text{ lei}$ indemnity for members during January-May 2017 - applicable to the administrators appointed on 19.04.2016

$(3,490 \text{ lei} \times 2) \times 2 \text{ members} \times 7 \text{ months} = 97,720 \text{ lei}$ indemnity for members during June-December 2017 applicable to the administrators appointed on 20.03.2014 and on 30.04.2015

$(3,877 \text{ lei} \times 2) \times 2 \text{ members} \times 7 \text{ months} = 108,556 \text{ lei}$ indemnity for members during June-December 2017 applicable to the administrators appointed on 19.04.2016

The level of the fixed annual indemnity of the executive members of the Management Board:

$3,877 \text{ lei/month} \times 6 \times 12 \text{ months} = 279,144 \text{ lei}$ indemnity per member during January-December 2017 applicable to the executive administrator appointed on 19.04.2016.

Total of the fixed component (including the remuneration of committees) for nonexecutive and executive members of the Management Board is 628,208 lei.

The variable allowance will be awarded annually, depending on the percentage of reaching objectives, performance criteria and the involvement in the work groups set up at company level for each member of the Board.

The variable component of the members of the Board of Directors was 926,784 lei.

Vicepresident of the Management Board,
Ec. Ioan NANI

Economic Director,
Ec. Paula COMAN