

I.8 The establishment of the remuneration of the Management Board members, according to the provisions of GEO no. 109/2011 regarding the Corporate Governance of Public Enterprises and GD no. 722/2016 for the approval of the Methodological Norms for the application of certain provisions of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises

A. Legal basis

Article 37 paragraph (2) of Government Emergency Ordinance no. 109/2011: “The remuneration of the non-executive members of the Management Board or of the Supervisory Board consists of a monthly fixed indemnity and a variable component. The fixed indemnity cannot exceed twice the average for the last 12 months of the average gross monthly earnings per class 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 upon 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 the non-executive members cannot exceed maximum 12 monthly indemnities”.

Article 37 paragraph (3) of GEO no. 109/2011: “The remuneration of executive members of the Management Board or of the Supervisory Board consists of a monthly fixed indemnity that cannot exceed 6 times the average for the last 12 months of the average gross monthly earnings for the activity carried out according to the main object of activity registered by the company 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 upon the financial and non-financial performance indicators, negotiated and approved by the General Meeting of Shareholders, different from those approved for the non-executive managers, 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 the Supervisory Board shall be reviewed annually, depending upon 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 Meeting of Shareholders, the annex to the mandate contract.”

Article 38 paragraph 1 of OUG no.109/2011: “The remuneration of the managers is established by the Management Board and cannot exceed the level of the remuneration established for the executive members of the Management Board. This is the only form of remuneration for the managers who also fulfill the quality of administrators.”

Article 38 paragraph 2 of GEO no. 109/2011: “The remuneration consists of a monthly fixed indemnity established within the limits provided by Article 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 other form of remuneration based upon performance indicators.”

B. The payment of the remuneration

The remuneration of the non-executive members of the Management Board consists of a monthly fixed indemnity and a variable component. The fixed indemnity cannot exceed twice the average for the last 12 months of the average gross monthly earnings per class according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

The variable indemnity will be granted annually, depending upon the percentage of the achievement of objectives, performance criteria and the involvement in the working groups set up at company level of each member of the Management Board.

The objectives of the non-executive members of the Management Board for 2020:

INDICATORS OF THE NON-EXECUTIVE ADMINISTRATORS	Weighting degree	YEAR 2020
		Planned
SALES INCOME (thousand lei)	5%	435,204
GROSS PROFIT (thousand lei)	5%	35,192
ARREARS (thousand lei)	5%	0
TOTAL EXPENDITURE AT 1000 (lei) INCOME	5%	919

Governmental social policies (gender equality, work, health)	20%	100%
Establishing risk management policies and risk monitoring	20%	100%
The monitoring of transparency and communication processes	20%	100%
The reviewing, evaluating and reporting of the administrator and director performance	20%	100%
TOTAL MANAGEMENT BOARD	100%	100%

The remuneration of the Management Board executive members consists of a monthly fixed indemnity that cannot exceed 6 times the average for the last 12 months of the average gross monthly earnings for the activity carried out according to the main object of activity registered by the company 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 upon the financial and non-financial performance indicators, negotiated and approved by the General Meeting of Shareholders, different from those approved for the non-executive managers.

The objectives of the executive members of the Management Board for 2020:

INDICATORS OF THE EXECUTIVE ADMINISTRATORS		YEAR 2020
GENERAL MANAGER	Weighting degree	Planned
SALES INCOME (thousand lei)	10%	435,204
GROSS PROFIT (thousand lei)	15%	35,192
ARREARS (thousand lei)	15%	0
TOTAL EXPENDITURE AT 1000 (lei) INCOME	10%	919

Governmental social policies (gender equality, work, health)	10%	100%
Degree of use of production capacity not less than 60%	10%	60%
Achieving a degree of customer satisfaction on the internal market of at least 80%	10%	80%
The average number of hours of continuous professional training per employee	10%	35
The monitoring of transparency and communication processes	10%	100%
TOTAL GENERAL MANAGER	100%	100%

The variable component of the Management Board members shall be reviewed annually, depending upon 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 Meeting of Shareholders, the annex to the mandate contract.

The variable component of the Management Board members and the General Manager for the year 2020: 2,012,087 lei.

President of the Management Board,

Dr. Dan Octavian ALEXANDRESCU