

No. 17941/04.03.2025

Submitted for approval in the OGMS of 9/10 April 2025

REPORT

on the approval of the addendum to the mandate contract signed with the non-executive members of the Board of Administration of SNTGN Transgaz SA, including the revised financial performance indicators and the empowerment of the representative of the General Secretariat of the Government in the GMS to sign on behalf of the company the addenda to the mandate contracts of the non-executive members of the Board of Administration of SNTGN Transgaz SA

SUMMARY

By Resolution No. 8/6 December 2021 of the Ordinary General Meeting of the Shareholders the financial and non-financial performance indicators annexed to the administrators' mandate contracts were approved, and by Resolution No. 3/28 February 2022 of the Ordinary General Meeting of the Shareholders, Resolution No. 1/12 January 2023 of the Ordinary General Meeting of the Shareholders and Resolution No. 1/21 February 2024 of the Ordinary General Meeting of the Shareholders the revision of some financial performance indicators was approved.

As a result of legislative changes and new strategic directions for the development of the Company, the values of some financial performance indicators valid for the calculation of the variable component of the remuneration of the members of the Board of Administration changed. As a result, the mandate contracts concluded with the administrators (non-executive members) will be amended by an addendum to which the new values of the financial performance indicators are annexed.

PROPOSAL

According to Chapter IV Art. 15 (3) (d) of the updated Articles of Incorporation, we submit for the approval of the Ordinary General Meeting of the Shareholders the following:

- **the addendum to the mandate contract concluded with the administrators (non-executive members) having the revised financial performance indicators as annex;**
- **the empowerment of the representative of the General Secretariat of the Government in the GMS to sign on behalf of the company the addenda to the mandate contracts of the non-executive members of the Board of Administration of SNTGN Transgaz SA.**

Detailed content

In accordance with the provisions of the Mandate Contract, the Mandatary shall receive a remuneration consisting of a fixed monthly allowance and a variable component.

For the duration of the application of GEO 109/2011, as amended, as in force on the date of approval of the mandate contract, the gross monthly fixed remuneration due to the non-executive members of the Board of Administration cannot exceed twice the average over the last 12 months of the gross average monthly salary for the activity performed according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment of the Mandatary and for the member of the Board of Administration who also holds the position of Director-General, executive administrator, the gross monthly fixed remuneration cannot exceed 6 (six) times the average over the last 12 months of the gross average monthly salary for the activity performed according to the main object of activity registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment of the Mandatary.

In case of amendment and/or repeal of the legal framework imposing a certain maximum amount of the monthly fixed remuneration, the parties shall negotiate a new amount applicable to the gross monthly fixed remuneration, in line with the remuneration level applicable for similar positions in companies in Romania and in other European countries in the same field of activity, and shall conclude an addendum to the mandate contract within 30 days.

In addition to the gross monthly remuneration, the Mandatary shall also be entitled to receive a variable annual component of the remuneration, taking into account the degree of fulfilment of the indicators approved by Resolution No. 8/06.12.2021 of the Ordinary General Meeting of the Shareholders, which shall be an annex to the addendum.

The rationale for changing the value of some financial performance indicators is described below:

According to Art 9 (1) (c) of GO 26/2013 as amended:

"When substantiating their revenue and expense budgets, economic operators shall take into account, but without limitation, the following: ...

c) *the specific performance criteria and quantified objectives regarding the reduction of overdue payments and receivables, the reduction of loss, the increase in profit, turnover, as well as the increase in labour productivity, stipulated in the mandate contracts, established in correlation with the management strategy of the Board of Administration/Supervisory Board and the management plan of the directors/members of the board of directors of the economic operators*".

The level of the "**EBITDA**" indicator foreseen in the 2025 Management Plan approved by Resolution No. 1/2024 of the Ordinary General Meeting of the Shareholders will not be achieved mainly as a result of the following factors:

- the exceeding of the operating expenditure foreseen in the 2025 Management Plan approved by Resolution No. 1/2024 of the Ordinary General Meeting of the Shareholders, mainly due to:
 - the increasing in taxes and duties expenditure by **lei 74.463 thousand** mainly due to the special construction tax introduced as of 1 January 2025 by Art. LXIV (16) of GEO 156 of 31 December 2024 *on some fiscal-budgetary measures in the field of public expenditure for the substantiation of the consolidated general budget for 2025, amending and supplementing some normative acts, as well as for the extension of some deadlines.*
 - the increasing of the expenditure on consumable materials by **lei 39.694 thousand**, mainly due to the programming in 2025 of the execution of repairs with own forces at a higher level compared to the estimates used for the substantiation of the management plan.

The level of the "**Operating Expenditure**" indicator foreseen in the 2025 Management Plan approved by Resolution No. 1/2024 of the Ordinary General Meeting of the Shareholders will not be achieved mainly as a result of the following factors:

- the increasing in taxes and duties expenditure by **lei 74.463 thousand**, mainly due to the special construction tax introduced as of 1 January 2025 by Art. LXIV (16) of GEO 156 of 31 December 2024 *on some fiscal-budgetary measures in the field of public expenditure for the substantiation of the consolidated general budget for 2025, amending and supplementing some normative acts, as well as for the extension of some deadlines.*
- the increasing in technological consumption expenditure by **lei 31.946 thousand** due to:
 - the estimation in 2025 a quantity of natural gas for technological consumption higher than the estimates used in the management plan by 29.996 MWh;
 - the estimation in 2025 of a natural gas price for technological consumption higher than the estimates used to substantiate the management plan by lei 39/MWh;

- the increasing in expenditure on salaries by **lei 23.923 thousand**, mainly due to the influence of the salary indexations granted in 2024 and those planned for 2025, as well as the changes in the Collective Labour Contract that entered into force on 25.06.2024.
- the increasing of the expenditure on consumable materials by **lei 39.694 thousand**, mainly due to the programming in 2025 of the execution of repairs with own forces at a higher level compared to the estimates used for the substantiation of the management plan.

The new values of the financial performance indicators that have changed are shown in the table below:

Indicator		2025
EBITDA	Draft REB 2025-2027	867.934
	Management Plan	947.532
	Differences	-79.597
Operating expenditure	Draft REB 2025-2027	1.782.027
	Management Plan	1.614.088
	Differences	167.939

According to Chapter IV, Art 15 (3) (d) of the updated Articles of Incorporation, the Nomination and Remuneration Advisory Committee submits the following for approval to the Ordinary General Meeting of the Shareholders:

- **the addendum to the mandate contract concluded with the administrators (non-executive members) having the revised financial performance indicators as annex;**
- **empowerment of the representative of the General Secretariat of the Government in the GMS to sign on behalf of the company the addenda to the mandate contracts of the non-executive members of the Board of Administration of SNTGN Transgaz SA.**

Annex: the addendum to the mandate contract containing the revised financial performance indicators.

**CHAIRMAN OF THE BOARD OF ADMINISTRATION
PETRU ION VĂDUVA**

**Addendum no. __ to
The Mandate Contract no. __ dated__**

Considering the provisions of:

- Company Law 31/1990, republished, as amended, hereinafter referred to as **Law 31/1990**;
- Government Emergency Ordinance 109/2011 on the corporate governance of public enterprises, as further amended and supplemented, hereinafter referred to as **GEO 109/2011**;
- Government Decision 722/2016 on the approval of the methodological norms for the application of provisions of GEO 109/2011, hereinafter referred to as GD 722/2016;
- Government Ordinance 26/2013 on strengthening financial discipline at the level of economic operators where the state or administrative-territorial units are sole or majority shareholders or hold directly or indirectly a controlling stake, as amended;
- art. 1.913 and the subsequent articles, and Art. 2.009 and the subsequent articles of Law 287/2009 on the Civil Code, as amended;
- Government Emergency Ordinance no. 68/2019 on the establishment of measures at the level of the central public administration and for the amendment and supplementation of normative acts,

as well as the following:

By Resolution of the Ordinary General Meeting of the Shareholders of S.N.T.G.N. Transgaz S.A. no. ... dated, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as amended, the financial and non-financial performance indicators were approved;

By Resolution of the Ordinary General Meeting of the Shareholders of S.N.T.G.N. Transgaz S.A. no. ... dated, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as amended, the variable component of the BoA executive members was approved;

By Resolution of the Ordinary General Meeting of the Shareholders of S.N.T.G.N. Transgaz S.A. no. ... dated, in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as amended, the revision of financial performance indicators provided for in Transgaz' Administration Plan for the period 2021-2025 was approved;

The General Meeting of the Shareholders of S.N.T.G.N. Transgaz S.A. no. __ dated ___ decided that the present Addendum to the Mandate Contract no. __ dated _____, hereinafter referred to as the "**Mandate Contract**" shall be signed by the representative of the shareholders _____;

The National Gas Transmission Company "Transgaz" S.A., headquartered in Medias, no. 1, C. I. Motas Sq., Sibiu County, tel./fax. 0269 803333 / 0269 803334, e-mail: cabinet@transgaz.ro, registered with the Trade Register, Sibiu Court of Law under no. J32/301/2000, VAT no.

RO/13068733, represented by _____, identified with __, hereinafter referred to as "**Company**" or "**Mandator**" as appropriate,

and

Mr. _____, Romanian citizen, born on _____, residing in _____, bearer of ID series _____ no _____ issued by _____ on _____, Personal no. _____, tel./fax. _____ / _____, e-mail: _____, as _____, hereinafter referred to as "**Mandatory**",

individually referred to as the Party and collectively as the Parties,

pursuant to art. 2 pt. 11 of GEO no. 109/2011 and of art. 12.1 of the Mandate Contract no. __ dated __, hereinafter referred to as the "**Mandate Contract**", have agreed to conclude this Addendum, hereinafter referred to as the "**Addendum**" and resolved as follows:

Art. 1. Object of the Addendum

1.1 The financial performance indicators set out in Annex 1 to Amendment No _____ to the mandate contract No _____ are amended as set out in Annex 1 to this Amendment.

Art. 2. Final provisions

2.1. This Addendum shall enter into force at the date of its execution by the Parties.

2.2. The other clauses of the Contract shall remain unchanged.

This Addendum was concluded today, __, in 3 (three) original counterparts, of which 2 (two) counterparts for the Mandator and 1 (one) counterpart for the Mandatory.

Mandator,
S.N.T.G.N. TRANSGAZ S.A.,

Mandatory,

by _____
empowered by the Resolution of the Ordinary General Meeting of the Shareholders no. _ dated _

The new values of the financial performance indicators that have changed are shown in the table below:

Indicator		2025
EBITDA	Draft REB 2025-2027	867.934
	Management Plan	947.532
	Differences	-79.597
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