

No. 4004/26.01.2018

Submitted for approval in the OGMS of 5/6.03.2018

REPORT

on the approval of the ceiling of the insurance premia and the minimum value of the insured amount for the professional liability insurance for the members of the Board of Administration of Transgaz, payment by the Company of the insurance premium cost

SUMMARY

According to OGMS Resolution 1/27 April 2017 and no. 13/28 December 2017 the following were concluded with the administrators:

Contract of Mandate 26081/09.06.2017, between SNTGN TRANSGAZ SA and Mr Ion Sterian;
Contract of Mandate 26082/09.06.2017, between SNTGN TRANSGAZ SA and Mr Petru Ion Văduva;
Contract of Mandate 26083/09.06.2017, between SNTGN TRANSGAZ SA and Mr Bogdan George Iliescu;
Contract of Mandate 425/04.01.2018, between SNTGN TRANSGAZ SA and Mr Remus-Gabriel Lăpușan;
Contract of Mandate 428/04.01.2018, between SNTGN TRANSGAZ SA and Mr Nicolae Minea.

By the above contracts of mandate, under Art. 4 it is foreseen that the administrators are entitled to benefit from a professional liability insurance policy paid by the Company. The payment of the premium related to this insurance will be made by the Company and will not be deducted from the remuneration due to the administrator.

By OGMS Resolution 8/10.07.2013 under Art. 4 it is foreseen that the Company will bear the professional liability insurance for the members of the Board of Administration up to EUR 50,000/year.

PROPOSAL

In accordance with Article 15 (3) (I) of the updated Articles of Incorporation and with Art.153¹² (4) of Law 31/1990 the Companies` Law, re-published, as further amended and supplemented, we submit for approval to the Ordinary General Meeting of Shareholders of SNTGN TRANSGAZ SA:

- a. the setting of the insurance premium ceiling for the members of the Board of Administration of SNTGN Transgaz SA to EUR 50,000/year;
- b. the setting of the minimum value of the insured amount for the professional liability insurance for the members of the Board of Administration of SNTGN Transgaz SA to EUR 25,000,000/year per event and in total.

Detailed content:

Considering :

- Law 31/1990 the Companies' Law, re-published, as further amended and supplemented, Art.153¹² (4) 'The person appointed in one of the positions under paragraph (3) shall have an insurance for professional liability.';
- the provision in the updated Articles of Incorporation under Art. 15 (3) I, according to which the Ordinary General Meeting of Shareholders of SNTGN TRANSGAZ SA has any other legally established responsibilities;
- GEO 109/2011 on the corporate governance of public enterprises, as further amended and supplemented, Art.39 (2) The professional liability insurance may be paid by the public undertaking, shall not be part of the remuneration and shall be stated in the contract of mandate.';
- Art. 4 of the aforementioned contracts of mandate establishes that the administrators are entitled to a professional liability policy at the expense of the Company. The payment of the premium related to this insurance will be made by the Company and will not be deducted from the remuneration due to the administrator;
- delegating responsibilities by the Board of Administration to the Director - General and by the Director - General to the Executive Directors means undertaking responsibilities and signing high risk documents, which is why we consider that the Director – General, the Financial Director and the Executive Directors of SNTGN TRANSGAZ SA should be jointly insured with the members of the Board of Administration for the professional risks related to the exercise of the executive management positions;

The Board of Administration SNTGN TRANSGAZ SA recommends to the Ordinary General Meeting of Shareholders the approval of the following:

- a. setting the ceiling of the annual insurance premium for the members of the Board of Administration of SNTGN Transgaz SA at an amount of EUR 50,000/year;
- b. establishing the minimum amount of the insured amount related to professional liability insurance for the members of the Board of Administration of SNTGN Transgaz SA at EUR 25,000,000/year per event and in total.

CHAIRMAN OF THE MEETING

MINEA NICOLAE