

Recommended for approval in the BoA meeting dated 25.01.2017 and presented in the OGMS meeting held on 07.03.2017

No. 2932/25.01.2017

REPORT
of the Nomination and Remuneration Committee
dated January 20, 2017

The Nomination and Remuneration Committee set up pursuant to the Board of Administration Decision no. 16/2013, nominated pursuant to the BoA Decision no. 13/17.12.2015, in compliance with the provisions of Law no. 31/1990, republished, further amendments and completions, the updated Articles of Incorporation of the Company CONPET S.A., Law no. 297/2004 regarding the capital market, further amendments and additions, with the following composition:

- Dan Weiler – Chairman
- Cristiana Chiriac – BoA member
- Razvan-Stefan Lefter – BoA member

met on January 20, 2017, for the elaboration of the proposal having as scope the update of the annexes comprising the performance objectives and indicators of the company's administrators, calculated in correlation with 2017 Revenues and Expenditure Budget, as well as the conclusion of an Addendum to the Administration Contracts of the non-executive administrators and subsequent to the OGMS meeting, to the Contract of mandate no. 1/06.12.2013 of the Director General of the Company CONPET S.A..

The incidental legal basis is:

- Law no. 31/1990 republished, further amendments and completions;
- Government Emergency Ordinance no. 109/2011 regarding the Corporate Governance of the Public Enterprises, further amendments and completions;
- The administration contracts concluded between the company and the administrators;
- Article 6 para (1¹) of the Government Emergency Ordinance no. 26/2013 on the strengthening of the financial discipline at the level of certain economic operators



where the state or administrative territorial units are unique or majority shareholders, or hold directly and indirectly a major share, further amendments and completions;

- Other applicable legal provisions.

The Committee took note of the information exposed by the company regarding the fulfillment of the conditions provided by the law, respectively the prior consultation of the Trade Union organization, who had no objections in relation to the 2017 Revenues and Expenditure Budget proposal.

The Administration Contracts concluded between the administrators and the company, provide at Art. 4, that:

“In view of achieving the scope of this Administration Contract, the Administrator shall pay all due diligence to manage the Company’s goods in the interest thereof, for the fulfilment of the scope of work and shall exercise its duties set pursuant to the Articles of Incorporation and this Administration Contract, in view of fulfilling the performance objectives and criteria set in Annex 1 hereto, together with the other members of the Board of Administration and/or revised annually, as the case may be, within 30 days as of the approval/rectification of the Revenues and Expenditure Budget.”

Moreover, Article 9 to the Administration Contract stipulates the followings: “The administrator commits, together with the administrators, to fulfil the administration plan and the GMS resolutions, in view of achieving the performance objectives and criteria, set in Annex 1 to this Administration Contract. The performance criteria and objectives shall apply for the entire duration of the administrator’s mandate, the values of the performance indicators are to be updated annually in compliance with the provisions of the revenues and expenditure budget.”

Consequently, given the grounds from the Substantiation Note no. 2896/25.01.2017 regarding the approval, by the OGMS, of 2017 Revenues and Expenditure Budget proposal, as well as the proposals advanced in the Substantiation Note no. 2707/20.01.2017 concerning the Performance objectives and indicators for the company administrators, set in correlation with 2017 Revenues and Expenditure Budget, are proposed the followings:

- a) Annex no. 1 to the Administration Contract, comprising the performance objectives and criteria for the non-executive administrators of the company for the period left of the Administration Contract and Annex no. 1.1 to the Administration Contract, comprising the performance objectives and criteria for the non-executive administrators of the company, calculated based on the data



in included in 2017 Revenues and Expenditure Budget, shall be updated/complemented accordingly, in correlation with the Revenues and Expenditure Budget for 2017 which will be recommended for the approval of the OGMS in the first meeting to come.

- b) Annex no. 2 to the Contract of Mandate of the Director General - executive administrator of the company, comprising the performance objectives and indicators for 2017 and Annex no. 2.1 comprising the performance objectives and indicators for the period left to be executed of the contract of mandate, calculated based on the data in the Revenues and Expenditure Budget for 2017, shall be updated/complemented accordingly, in correlation with 2017 Revenues and Expenditure Budget; then, it is to be approved by the BOA and signed by the Chairman of the BOA, following the approval by the OGMS of 2017 Revenues and Expenditure Budget, together with the Addendum no. 11/2017 to the contract of mandate no. 1/2013 of the Director General.

The Nomination and Remuneration Committee prepared this report whereupon it is required to be endorsed by the members of the BOA and to be recommended for the approval of the OGMS, Annex no. 1 and Annex no. 1.1. to the Administration Contracts of the non-executive administrators, as well as Addendum no. 9/2017 to amend the Administration Contracts of the non-executive administrators of the company, comprising the 2017 performance objectives and indicators, calculated in correlation with 2017 Revenues and Expenditure Budget.

Dan Weiler - Chairman of BoA
Chiriac Cristina - BoA member
Razvan-Stefan Lefter - BoA member

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