

Subject to analysis and endorsement in the Board of Administration meeting from 25.10.2017 and for approval in the General Ordinary Meeting of Shareholders from 28/ 29.11.2017

## **Endorsed**

**General Manager**  
**Eng. Liviu Ilași**

## **Report**

### **on extending the insurance period from the total professional liability policy of non-executive administrators and general manager – executive administrator**

We inform you that the current professional liability policy of non-executive administrators and general manager - executive administrator, concluded with Generali România Asigurare Reasigurare S.A. (registered under no. S-CA-CD-290/ 2016) was extended by Addendum, namely until 01.01.2018, according to the Board of Administration Decision no. 9/ 29.06.2017, considering that the expiration date of the current Board of Administration mandate is 28.11.2017.

According to **art. 20 from the administration contract** concluded with the administrators (amended by the Decision of the General Ordinary Meeting of Shareholders no. 2/ 28.04.2015 – addendum no. 3/ 28.04.2015):

*"The administrator benefits from professional liability insurance, during the entire mandate period. The insurance policy is concluded annually, the costs related to it being borne by the company. **The maximum limit of the insurance premium approved by the General Ordinary Meeting of Shareholders is Euro 18.000 Euro/ insurance year, corresponding to the total insurance limit of Euro 12 million, the policy being concluded annually, for every year from the remaining period to be executed from the administration contracts, starting with the expiration date of the current insurance policy.**"*

Art. 19 par. 26 and art. 21 par. 3 letter c) from the Articles of Incorporation provide the following:

**Art. (19) par. 26** – *the members of the Board of Administration will have professional liability insurance, its counter-value being borne by "CONPET" S.A., according to the legal conditions.*

**Art. (21) par. 3 letter c)** *The General Manager of the company has the following rights: to have professional liability insurance, its counter-value being borne by Conpet SA, according to the legal conditions.*

The mandate contract of administrators provides that the payment of premiums related to this insurance, the amount of which is approved by the General Ordinary Meeting of Shareholders, will be made by the company and it is not deducted from the remuneration owed to the administrator because the administrators must be insured for professional liability.

Considering the fact that the major shareholder requested the convocation of the General Ordinary Meeting of Shareholders on 28.11.2017/ 29.11.2017, having as item on the agenda the appointment of temporary administrators for a period of 4 months or until the completion of the selection procedure provided in the Government Emergency Ordinance no. 109/ 2011 on corporate governance of public enterprises, approved with amendments and completions by Law no. 111/ 2016, if it takes place earlier than 4 months from appointing temporary administrators, the approval of the General Ordinary Meeting of Shareholders is requested for extending the insurance period of administrators and general manager, by addendum to the insurance policy concluded with Generali Reasigurare Asigurare S.A., namely until the completion of the selection procedure provided in the Government Emergency Ordinance no. 109/ 2011 on corporate governance of public enterprises, approved with amendments and completions by Law no. 111/ 2016), but not later than 30.04.2018.

***The costs are included in the Revenue and expenditure budget for 2017, position II.1.A2.c) and fall within the maximum limit of the insurance premium approved by the General Ordinary Meeting of Shareholders in the amount of Euro 18.000/ insurance year.***

Head of Legal Department  
Legal counselor Cornel Bănică

Head of the Board of Administration and  
General Meeting of Shareholders Secretariat Office  
Eng. Adina Modoran