

Submitted for analysis and endorsement in the meeting of the Management Board held on and for approval in OGMS held on

**Endorsed
Director General**

Sr.Eng. Dan - Silviu BACIU, M.B.A.

S.s. Illegible

**Approval report to the OGMS
on professional liability insurance in aggregate
for administrators and Director General**

We inform you that the current professional liability policy for administrators and Director General, concluded in accordance with the provisions of art. 10 of the OGMS Decision no. 5 / 28.11.2017, expires on 30.04.2018.

In the Articles of Incorporation of the Company CONPET S.A. there are the following provisions on professional liability insurance:

Art. <10> para. 26 "The members of the Board of Administration will have professional liability insurance, its equivalent being borne by CONPET S.A., in accordance with the law."

Art. (21) para. 3 letter. c) "The Director General of the Company has the following rights: to have professional liability insurance, its equivalent being borne by CONPET S.A., under the terms of the law."

According to art. 18 of the administration contract concluded with the administrators, approved by the OGMS Decision no. 5 / 28.11 .2017:

"The interim administrator must be insured for professional liability. The payment of the premiums related to this insurance, the amount of which shall be approved by the general meeting of the shareholders, shall be made by the company and shall not be deducted from the remuneration due to the administrator."

According to art. 14.8. to the contract of mandate concluded with the Director General, he has:

"The right to a professional liability insurance, its equivalent being borne by the Company."

The maximum limit of the insurance premium approved by OGMS through art. 3 of the Decision no. 3 / 27.03.2014 for the Company's administrators and Director General, which has been maintained during their administration / mandate contracts, amounts to EUR 18,000 / year of insurance, corresponding to a

limit of the insured amount of EUR 12 million, in aggregate for a period of 12 months.

The contract S-CA-CD-290 / 11.08.2016 was initially concluded for a period of one year with Generali România Asigurare Reasigurare S.A. by direct purchase (estimated below the threshold of EUR 30,000, according to Internal Procedural Rules Rev. 1) and was extended by two amendments. The initial value of the contract was EUR 14,500, without VAT, and after the extension until 30.04.2018, the value of the contract became EUR 24,951, without VAT.

Under these circumstances, the current Contract can be extended by up to 3 months, as the contract value cannot exceed the threshold of EUR 30,000, without VAT. If the maximum limit for the insurance premium would remain the one previously approved by OGMS, the procurement procedure for a new policy would be Direct Purchase, and the estimated time needed to run it is one month after the endorsement of the Tender Book in the Technical and Economic Committee of CONPET S.A..

By the OGMS Decision no. 1 / 05.03.2018, it was approved the extension of the administrators' mandate until 28.05.2018, as well as the initiation of the procedure of selection of the Company's administrators, according to the provisions of GEO no. 109 / 2011, the procedure being ongoing at the level of the Board of Administration of CONPET S.A., who estimated that the date of completion of the selection process for the administrators will be 03.08.2018.

Therefore, in the new insurance policy it is necessary to maintain the existing provision in the present insurance policy as well, namely that in the case of nomination / appointment of persons other than those who currently occupy the position of administrator / Director General, the names of the persons mentioned in the insurance policy will be changed in accordance with the decision of OGMS / decision of the Board of Administration, the limit of liability and the annual amount of the insurance premium remaining unchanged, falling under the amounts to be negotiated and established with the insurer in accordance with the provisions of the Decision of OGMS.

Taking into account the fact that OGMS will be convened on 26.04.2018, and the validity of the current policy is until 30.04.2018, the following executive management proposals are submitted for endorsement by Board of Administration and for approval by OGMS:

a) extension of the current insurance policy for the administrators and the Director General, based on an amendment, for a period of 3 months, namely until 31.07.2018 (inclusive), so as to ensure the necessary time for the procurement procedure of the new insurance policy.

b) setting the maximum limit of the annual insurance premium of EUR 18,000 / year of insurance, corresponding to an insured minimum amount of EUR 12 million in the aggregate for the professional liability insurance of the Company's administrators (in number of 7) and the Director General,

which is to be concluded by the company, thus maintaining the limits previously established by the Decision of OGMS no. 3 / 27.03.2014 for the insurance of the Company's administrators (in number of 7, of which 1 executive administrator - Director General).

The executive management will take all necessary steps and carry out the procurement procedure in accordance with the applicable legal provisions and rules so that the Company's administrators and the Director General are insured for professional liability each year, as stipulated in the administration / mandate contract, respectively throughout the duration of their mandate.

For the year 2018 the expenses are included in the Income and Expenditure Budget for 2018, item II.1.A2.C), with an amount of 18.000 Euro / year of insurance (the maximum limit of the insurance premium approved by A. G. O.A. previously).

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