Chapter 1
Name, legal form, registered office, duration
Art. 1
Name
(1) The company’s name is Societatea Comerciala de Distributie si Furnizare a Energiei Electrice Electrica S.A., hereinafter referred to as “Electrica” or the “Company”.
(2) All the documents, invoices, announcements, publications or such other documents as may be released by the Company shall mention the name of the Company, its legal form, registered office, the registration number with the Trade Register and the sole registration code. If the Company has its own website, the above mentioned information shall also be published on the Company’s website.

Art. 2
Legal form
“Electrica” is a Romanian legal person, organized as a joint stock company, managed in the one tier system, and it carries out its business according to Romanian laws and the present Constitutive Act.

Art. 3
Registered office
(1) “Electrica” has its registered office in Romania, Bucharest, 9 Grigore Alexandrescu Street, 1st District.
(2) “Electrica” may also set-up other secondary offices without legal personality, located in other cities in the country or abroad, which shall be organized as branches, representative offices or agencies, according to the approval of the general meeting of shareholders.

Art. 4
Duration
The Company’s duration is undetermined, starting with the date of registration with the Trade Register.

Chapter 2
Purpose and business object
Art. 5
Purpose
The purpose of “Electrica” is to provide business and management consultancy activities in connection to the distribution and supply of energy and energy related services carried out by its subsidiaries.

Art. 6
Business object
The business object of Electrica is:

7022 – Business and management consultancy activities – MAIN BUSINESS OBJECT

3514 – Trading of energy
3511 – Production of energy
3513 – Distribution of energy
1813 – Pre-printing preparation services
1820 – Reproduction of recordings
2620 – Manufacture of computers and peripheral equipment
2630 – Manufacture of communication equipment
4329 – Other works of construction installations
4651 – Wholesale of computers, computer peripheral equipment and software
4652 – Wholesale of electronic and telecommunications equipment and parts
5811 – Book publishing
5812 – Publishing of guides, directories and mailing lists and other similar activities
5813 – Publishing of newspapers
5814 – Publishing of journals and periodicals
5819 – Other editing activities
5821 – Publishing of computer games
5829 – Other software publishing
6110 – Wired telecommunications activities
6120 – Wireless telecommunications activities
6130 – Satellite telecommunications activities
6190 - Other telecommunications activities
6201 – Computer programming activities upon request (client-oriented software)
6202 – Information technology consultancy activities
6203 – Computer facilities management activities (management and exploitation)
6209 – Other information technology and computer service activities
6311 – Data processing, hosting and related activities
6312 – Web portals activities
6391 – News agency activities
6399 – Other informational services activities n.e.c
6420 – Activities of holding companies
7021 – Public relations and communication consultancy activities
7112 – Engineering activities and related technical consultancy
7120 – Technical testing and analysis
7219 – Other research and experimental development on natural sciences and engineering
7312 – Media representation services
7320 – Market research activities and public opinion polling
7420 – Photographic activities
7490 – Other professional, scientific and technical activities
8211 – Combined office administrative services
8220 – Activities of call centres
8230 – Organization of conventions and trade shows
8299 – Other business support service activities n.e.c
8559 – Other education n.e.c.
9101 – Library and archive activities
9102 – Museums activities
9511 – Repair of computers and peripheral equipment
9512 – Repair of communication equipment

Chapter 3
Share capital, shares
Art. 7
Share capital
The share capital of “Electrica” is RON 1,687,511,850, out of which 38,467,970 representing the new contribution in kind, being divided into 168,751,185 nominative shares, each having a value of RON 10.

The share capital is currently fully owned by the Romanian State, as sole shareholder and is fully paid in as of the set-up date of “Electrica” S.A.. The share capital does not inclul assets of the type mentioned in art. 135, para. (4) of the Constitution.

The Ministry of Economy represents the State as the sole shareholder of “Electrica” S.A. and exercises all the rights attached in its capacity as such.

After the successful closing of the initial public offering regarding the sale of 105% of the current share capital of the Company (the “Public Offering”), the share capital of the Company will be of RON 3,459,399,290 subscribed and fully paid in, out of which RON 38,467,970 contribution in kind, representing plots of land and constructions, being divided in 345,939,929 nominative shares, each share having a value of RON 10. Following the successful closing of the Public Offering, the board of directors of the Company (the “Board”) shall update this Constitutive Act to reflect the new value and structure of the share capital.

Art. 8
Share capital increase or decrease
(1)  The share capital may be increased according to the law.
(2)  The extraordinary general meeting of shareholders may decide upon a share capital increase according to applicable legal provisions and to the provisions of art. 13 below.
(3)  The share capital may be increased by:
   a) new contributions in cash and/or in kind;
   b) capitalisation of reserves, save for legal reserves, as well as the benefits or issue premiums;
   c) offsetting liquid and due receivables of Electrica against its shares;
   d) other sources, according to the law.
(4)  The decision of the extraordinary general meeting of shareholders to increase the share capital or, as the case may be, the decision of the Board (as defined below) shall be published in Romania’s Official Gazette, Part IV, a period of at least one month as of the publication date being granted for the exercise of the preference right.
(5)  The share capital may be decreased according to the law and with the observance of the provisions of art. 13 below.
(6)  The share capital may be decreased by:
   a) decreasing the number of shares;
   b) reducing the nominal value of the shares;
c) acquiring own shares, followed by their cancellation;
d) other methods provided by the law.

(7) If the Board (as defined below) determines that, following losses as set out in the yearly financial statements approved in accordance with the law, the net assets of the Company have decreased to less than half of the value of subscribed share capital, it must promptly convene the extraordinary general meeting of shareholders which will decide whether the Company must be dissolved. If the extraordinary general meeting of shareholders does not decide the dissolution of the Company, it must, not later than the end of the financial exercise subsequent to the one when the loss was noticed, proceed with the decrease of the share capital with an amount at least equal to that of the loss that could not be covered from the reserves, if during this period the net assets of the Company were not replenished up to a level at least equal to half the share capital.

(8) The share capital may be decreased only after two months as of the publication of the related decision of the extraordinary general meeting of shareholders in Romania’s Official Gazette, Part IV, according to the legal provisions.

Art. 9

Shares

(1) The rights and obligations connected to the shares owned by the Romanian State are exercised by the entities nominated according to the legal provisions.

(2) The shares issued by Electrica are nominative shares and issued in a dematerialized form and freely transferable and negotiable and fully paid.

(3) The shares may be converted according to the terms decided by the extraordinary general meeting of shareholders, in compliance with the legal provisions.

(4) The shares’ record shall be kept by the Depozitarul Central S.A., a joint stock company, having its registered office in Bucharest, 34-36 Carol I Boulevard, floors 3, 8 and 9, 2nd District, sole registration code RO9638020, Trade Registry no. J40/5890/1997, which, upon the request of any shareholder, can issue a statement of account attesting the number of shares held by the relevant shareholder.

(5) Mortgages may be created over the shares issued by Electrica and the shares may be encumbered by usufruct right, according to the law.

(6) Romanian or foreign natural or legal persons may hold Electrica shares, subject at all times to Romanian law.

(7) The shares issued in dematerialized form may be traded on a regulated market or on an alternative trading system, according to capital market legislation.
Art. 9

The depositary receipts

(1) Depositary receipts having as underlying shares the shares issued by the Company may be issued by other entity, different from the Company.
(2) Depositary receipts are securities which grant to the owner rights and obligations related to underlying shares based on which the depositary receipts were issued.
(3) The depositary receipts give the rights to obtain, by way of conversion, shares within the Company. The conversion shall be made in accordance with the provisions applicable to this matter.
(4) In addition and without prejudice to the above provisions, the right of the owners of the depositary receipts to own, in their name, shares of the Company is hereby recognised.

Art. 10

Bonds

“Electrica” may issue bonds according to the law.

Art. 11

Rights and obligations deriving from the shares

(1) Each share subscribed and fully paid in by the shareholders, in accordance with the law, grants them the right to one vote in the general meeting of shareholders, the right to elect and be elected in the management bodies, the right to participate in profit distribution according to the present Constitutive Act and the legal provisions, as well as other rights included in this Constitutive Act.
(2) Acquiring the property right over a share by a person, directly or indirectly, as it can be provided by the law, has the effect of automatic acquiring the capacity of Company’s shareholder together with all rights and obligations deriving from this capacity, in accordance with the law and this Constitutive Act.
(3) The rights and obligations attached to the shares are transferred to the new owners together with the shares.
(4) When a nominative share is owned by several persons, the transfer shall be registered only if they appoint a sole representative for exercising the rights derived from the shares.
(5) The obligations of “Electrica” are secured by its social patrimony, and the liability of the shareholders shall be limited up to the concurrence of the subscribed share capital.
(6) The Company’s patrimony cannot be encumbered by debts or other personal obligations of the shareholders.
(7) The shareholder that has, in a certain operation, either personally or as representative of another person, an interest contrary to that of the Company, must refrain from deliberations regarding the said operation.

Art. 11

The exercise of the rights by the holders of the depositary receipts

(1) The rights and obligations related to the underlying shares based on which the depositary receipts were issued are exercised by the holders of the depositary receipts, proportionally to their holdings of depositary receipts and taking into account the conversion rate between underlying shares and the depositary receipts.

(2) The issuer of the depositary receipts in the name of whom the underlying shares are registered, is the shareholder within the meaning and for the application of the Regulation no. 6/2009 regarding the exercise of certain rights of the shareholders in the general meetings of the companies. To this end, the issuer of the depositary receipts is fully responsible for informing the holders of the depositary receipts in a proper, complete and a timely manner, observing the provisions of the issuance documents of the depositary receipts related to documents and informing materials needed for a general meeting of shareholders, made available by the Company to the shareholders.

(3) In order to exercise its rights and obligations related to a general meeting of shareholders, an holder of depositary receipts should send to the entity where it has opened its account for depositary receipts the instructions related to points from the agenda of the general meeting of shareholders, so that information could be sent to the issuer of the depositary receipts.

(4) The issuer of the depositary receipts votes in the general meeting of shareholders of the Company in accordance and within the limits of the instructions of the holders of the depositary receipts which have this quality at reference date determined in accordance with the applicable legal provision and observing the provisions of the issuance documents of the depositary receipts.

(5) The issuer of the depositary receipts can express in the general meeting of shareholders different votes for certain underlying shares that those expressed for other underlying shares.

(6) The issuer of the depositary receipts is fully responsible for taking all necessary measures, so that the entity which keeps the records of the holders of the depositary receipts, the intermediaries involved in the custody services for holders of the depositary receipts on the market where the depositary receipts are trading and/or any other entities involved in recording the holders of the depositary receipts, to send the voting instructions of the holders of the depositary receipts related to the points from the agenda of the general meeting of shareholders.

(7) Any reference date for the identification of the shareholders which have the right to take part and to vote in the general meeting of shareholders of the Company and any registration date for the identification of the shareholders which have rights
deriving from its shares, as well as any other similar date set by the Company related to any corporate events of the Company will be established in accordance with the applicable legal provisions and with a prior notice sent with at least [15] free calendar days (zile calendaristice libere in Romanian), to the issuer of the depositary receipts, in the name of which the underlying shares are registered based on which the depositary receipts mentioned above are issued. The reference date will be prior with at least 15 working days to the deadline for submitting the power of attorney related to vote.

Art. 12
Transfer of shares
(1) The shares are indivisible as regards “Electrica” which shall recognize a single owner per each share, subject to the provisions of art. 11(4) above.
(2) The partial or total transfer of shares between the shareholders or to third parties shall be carried out according to the terms and procedure provided by the law applicable to companies, including, the capital markets legislation.

Chapter 4
General meeting of shareholders

Art. 13
Duties of the general meeting of shareholders
(1) The general meeting of shareholders of “Electrica” is its management body, deciding on its activity and economic policy.
(2) The general meetings of shareholders are ordinary and extraordinary.
(3) The ordinary general meeting of shareholders shall have the following main duties:
   a) to appoint and revoke the members of the Board and establish the level of their remuneration and other rights according to legal provisions;
   b) to approve the income and expenses budget;
   c) to approve the annual report of the Board;
   d) to debate, approve or amend the annual financial statements according to the reports submitted by the Board and the financial auditors;
   e) to approve the profit distribution according to the law and to establish the dividend;
   f) to analyse the reports of the Board regarding, among others, the status and perspectives on profit and dividends, the position on the domestic and international market, technical level, quality, labour force, environmental protection, customer relations;
   g) to decide on the directors’ management and on the discharge of liability, in accordance with the law;
   h) to decide to file legal actions against the directors, managers and financial auditors for damages they caused to the Company by breaching their obligations towards the Company;
i) to decide on mortgaging or leasing or closing of some units;
j) to carry out any other duties set out by the law;
k) to appoint and dismiss the financial auditor and to set the minimum term of the financial audit contract.

(4) **The extraordinary general meeting of shareholders** shall gather in order to decide on the following:
a) withdrawal of the preference right of shareholders upon subscription of new shares issued by the Company;
b) contracting any type of loans or debts or obligations representing a loan, as well as creating real or personal security related to these loans, in each case in accordance with the competence limits provided in Annex 1 to this Constitutive Act;
c) operations regarding the acquisition, disposal, exchange or creation of encumbrances over fixed assets of the Company whose value exceeds, individually or cumulated, during any financial year, 20% of the total fixed assets, less receivables, as well as leases of tangible assets for periods longer than 1 year, whose individual or cumulated value towards the same contractor or persons with whom it acts in concert exceeds 20% of the fixed assets value, less receivables at the time of entering the in the relevant operation, as well as joint ventures in excess of the same value and with a duration of over 1 year;
d) approving investment projects in which “Electrica” S.A. will be involved in accordance with the competence limits provided in Annex 1 to this Constitutive Act, other than the ones provided in the annual investment plan of the Company;
e) approving the issuance and admission to trading on a regulated market or on an alternative trading system of shares, depositary receipts, allotment rights or other similar financial instruments; approving the competencies delegated to the Board;
f) changing the legal form;
g) relocation of the registered office;
h) changing the main or secondary business objects;
i) increasing the share capital, as well as decreasing or the replenishment of the share capital by issuing new shares, according to the law;
j) the merger and the spin-off;
k) the dissolution of the Company;
l) carrying out any bond issuance or conversion of a category of bonds in a different category or in shares;
m) any amendment to the Constitutive Act;

n) approving the conversion of preferential and nominative shares from one category to another, according to the law;

o) setting-up or dissolving secondary offices: branches, agencies, representative offices or other similar units without legal status, according to the legal provisions;

p) any other decision that requires the approval of the extraordinary general meeting of shareholders;

q) participation in the establishment of new legal persons;

r) approval of the eligibility and independence criteria with respect to the Board members;

s) approval of the corporate governance strategy of the Company, including the corporate governance action plan;

t) the annual consolidated investment plan at a group level (CAPEX plan); and

u) donations within the limits of the competence provided in Appendix 1 to the present Constitutive Act.

**Art. 14**

**Convening the general meeting of shareholders**

(1) The general meeting of shareholders is convened by the Board according to legal provisions.

(2) The Board shall promptly convene the general meeting of shareholders upon the request of shareholders representing, individually or cumulatively, at least 5% of the share capital. In this case, the general meeting of shareholders shall be convened within no more than 30 days and shall gather within no more than 60 days from the date of receiving the request.

(3) In case the Board does not convene the general meeting of shareholders according to paragraph (2) above, the shareholders that requested the convening may claim in court the authorisation to convene the general meeting of shareholders, the approval of the agenda, the establishment of the reference date, of the date and place for the gathering of the general meeting of shareholders and of the person among the shareholders to be presiding the meeting.

(4) Shareholders individually or cumulatively representing at least 5% of the share capital are entitled to insert new points on the agenda of the general meeting of shareholders and to present draft decisions for the points inserted or proposed to be inserted on the agenda of the general meeting of shareholders. This right may be exercised only in writing (including by electronic means) and within 15 days at most from the publication of the convening notice.
Ordinary general meetings of shareholders take place at least once a year, within maximum 4 months from the end of the financial year, in order to analyse the balance sheet and profit and loss account for the previous year, to set out the activity schedule and the income and expenses budget for the current year and to analyse the annual report of the Board;

The extraordinary general meetings of shareholders shall be convened as many times as necessary, according to the legal provisions in force and to the provisions of the Constitutive Act.

The general meeting of shareholders shall be convened at least 30 days before the scheduled date, by registered letter, by electronic means or other means provided by law. The 30-day term is not applicable to the second and third convening of the general meeting of shareholders determined by the lapse in quorum with the observance of the following conditions: (i) the provisions regarding convening were observed on the first convening, (ii) no new points were added on the agenda and (iii) at least 10 days must pass between the final convening and the date of the general meeting of shareholders.

The convening notice shall contain at least, the name of the Company, the place and date of the general meeting of shareholders, the reference date, as well as the agenda, explicitly mentioning all the issues that shall be subject to its debates and a clear and precise description of the procedures that the shareholders must observe in order to participate and vote within the general meeting of shareholders.

When the agenda contains proposals for amending the Constitutive Act, the convening notice must contain the full text of the proposals.

The general meeting of shareholders gathers at the headquarters of “Electrica” or in any other place indicated in the convening notice.

### Art. 15

**Organisation of the general meeting of shareholders**

For the validity of the deliberations of the ordinary general meeting of shareholders gathered at the first call, shareholders representing at least one quarter (1/4) of the total number of voting rights must attend the meeting. The ordinary general meeting of shareholders will adopt decisions with the majority of the votes casted by the shareholders present or validly represented in the meeting, except for the attributes provided in art. 13 (3) (k), situation in which the decisions shall be adopted with the favourable vote of at least 55% of the total number of voting rights.

In case the quorum provided in point (1) is not duly fulfilled, at the second call, the ordinary general meeting of shareholders may decide on the items on the agenda of the first meeting irrespective of the quorum, taking decisions with the majority of the votes casted by the shareholders present or validly represented in the meeting.
(3) For the valid deliberations of the extraordinary general meeting of shareholders, the following are necessary:

a) at the first convening, the presence of shareholders representing one quarter \((1/4)\) of the total number of voting rights, and decisions must be taken with the majority of the votes casted by the shareholders present or validly represented in the meeting, except for (A) the attributions provided in art. 13 (4), points (d), (j) in what concerns merger, (m), (r), (s), (t) and (u), in which case the decisions will be taken with the favorable vote of at least 55% of the total number of voting rights, and (B) the attributions provided in art. 13 (4) (f) (h) in what concerns the main business object, (i), (j) and (k), in which case the decision will be adopted with a majority of at least two thirds of the voting rights held by the shareholders present or validly represented in the meeting, but not less than 55% of the total voting rights for the attributes which represent changes to the Constitutive Act. In case the quorum provided at this point 3) (a) of the current article is not duly fulfilled, the meeting shall be adjourned to another day at a time and place fixed in accordance with the legal provisions;

b) at the second and subsequent convening, the extraordinary general meeting of shareholders can deliberate with respect to the items on the agenda of the first meeting in the presence of the shareholders holding one fifth \((1/5)\) of the total number of voting rights and can adopt decisions with the majority of the votes casted by the shareholders present or validly represented in the meeting, except for the (A) attributes provided in art. 13(4) point (j), as regards merger, (m), (r), (s), (t) and (u), situation in which the decisions shall be taken with the favourable vote of at least 55% of the total number of voting rights and (B) attributes provided in art. 13 (4) points (f), (h) regarding the main business object, (i), (j) and (k), in which case the decision will be adopted with at least two thirds of the voting rights held by shareholders present or validly represented in the meeting, but not less than 55% of the total voting rights for the attributes which represent changes to the Constitutive Act.

(4) By way of exception from the provisions mentioned in points (a) and (b) above, for the decisions regarding the withdrawal of the preference right of shareholders to subscribe for new shares in a share capital increase by contributions in cash, as well as for decisions regarding the increase of the share capital by contributions in kind the presence of shareholders representing three quarters of the number of share capital owners is required and decisions will be adopted with the vote of shareholders representing at least 75% of the voting rights.

(5) To calculate the quorum in the general meeting of shareholders only the underlying shares for which the issuer of the depositary receipts votes in the general meeting of shareholders, including the option for abstention vote, in accordance with the instructions received from the holders of the depositary receipts, will be taken into account. The issuer of the depositary receipts will communicate to the Company, at the moment at the calculation of the quorum in the general meeting of shareholders, the percent of the voting
rights related to the underlying shares for which it will express its vote in the general meeting of shareholders.

(6) On the day and at the hour mentioned in the convening notice, the general meeting of shareholders shall be opened by the president of the Board or, in his/her absence, by a director empowered by the chairman of the Board for this purpose.

(7) Out of the present shareholders, the general meeting of shareholders shall elect a secretary who shall check the list of presence of the shareholders, indicating the share capital represented by each. The chairman of the meeting may appoint, out of the Company’s employees, one or more technical secretaries to carry out the related duties according to the legal provisions. The minutes ascertaining the number of the shares submitted and the fulfilment of all formalities required by the law and by the Constitutive Act to hold the general meeting of shareholders will be drafted by the technical secretary.

(8) The minutes shall be signed by the secretary and by the chairman of the meeting and ascertains the fulfilment of the convening formalities, the formalities for applying the cumulative voting method (if the case), the date and place of the general meeting of shareholders, the number of present shareholders, the number of shares, the number of votes that were expressed and their allocation, the summary of the debates, the decisions taken and, at the request of the shareholders, the statements they have made during the meeting.

(9) The minutes of the general meeting shall be kept in a sealed and stamped register.

(10) The convening documents, the shareholder attendance list as well as, as the case may be, the special powers of attorney of the representatives of the shareholders must be attached to each minutes.

(11) Representatives of the union and/or the representatives of the employees who are not union members may be invited to ordinary and extraordinary general meetings of shareholders debating on issues related to labour relations with the employees of “Electrica”, provided that they shall, in any event, have no voting right.

(12) The managers and the members of the Board must attend the general meetings of shareholders, and shall be entitled to speak to the general meeting of shareholders.

(13) The access of shareholders entitled to participate at the general meeting of shareholders, according to the legal provisions, shall be permitted by providing evidence of their identity, by the methods provided by law. The Board shall be entitled to refuse entry to any meeting to any person who fails to provide such evidence of identity or to submit to identity verification.

(14) The chairman shall take such measures or give directions as he thinks to be necessary to promote the orderly conduct of the meeting as laid down in the convening notice of the meeting, including adjourning the meeting at any time if he or she thinks that it is necessary to do so in order to secure the proper and orderly conduct of the meeting, provided that the present/represented shareholders confirm/approve of this. The chairman's decision on matters of procedure or arising incidentally from the meeting shall be final as shall be his determination as to whether any matter is of such a nature, provided that the present/represented shareholders confirm/approve this.
(15) Shareholders’ participation to the general meeting of shareholders is made in person or by representative, on the basis of special power of attorney according to the legal provisions. Shareholders may also be represented by other persons than shareholders.

(16) Shareholders may appoint or revoke their representatives including by electronic means, according to the applicable legal provisions.

(17) Where the Company’s management has the obligation, in accordance with the law or this Constitutive Act, to inform the shareholders about certain measures or actions undertaken, such information is included on the agenda of the general meeting of shareholders, and shall not be decided on by the shareholders’ vote.

(18) Each shareholder may address questions in writing to the Board regarding Company’s activity, before the date of the general meeting of shareholders and the Board shall respond during the meeting. A response is considered to be given if the relevant information is available on Company’s website, under the “Frequent questions” section. The Company may formulate a general response to questions having the same content.

Art. 16

Exercising the voting right at the general meeting of shareholders

(1) The decisions of the general meeting of shareholders are taken by open vote.

(2) Decisions may be taken according to the terms and majority provided by law for ordinary or extraordinary general meetings of shareholders.

(3) Shareholders may vote by correspondence before the general meeting of shareholders according to the procedure provided to the shareholders in the convening notice.

(4) Upon the proposal of the person chairing the general meeting of shareholders or of one of the representatives of the general meeting of shareholders, it may be decided to use the secret vote in other circumstances, save for the cases in which the nominal vote is necessary.

(5) The secret vote is mandatory when appointing or revoking the members of the Board, when appointing, revoking or dismissing the internal auditors and when making decisions regarding the liability of the members of the Company’s administrative, management and control bodies.

In order to be enforceable against third parties, the decisions of the general meeting of shareholders shall be submitted to the Trade Register within 15 days, in order to be included in the excerpt in the register and published in Romania’s Official Gazette, part IV. If the Company has its own webpage, the results shall also be published on the webpage within maximum 15 days from the date of the general meeting, upon the request of the general meeting of shareholders, other documents may also be published on the webpage, according to legal provisions.

(6) The conditions regarding general meeting of shareholders publicity apply correspondingly to the decisions of the Board in the matters delegated by the general meeting of shareholders.

(7) The decisions taken by the general meetings of shareholders according to the law and the present Constitutive Act are mandatory even for the shareholders who were not present at the meeting or who voted against.
(8) The shareholders who do not agree with the decisions taken by the general meetings of shareholders regarding the change of the main business object, relocation of the registered office abroad, changing the Company’s form, the merger or spin-off of the Company, have the right to withdraw from “Electrica” and to request the Company to purchase their shares, within 30 days from the publication of the decision of the general meeting of shareholders in the Official Gazette, part IV, except for the decision related to merger and spin-off, in which case the term starts as of the date the decision was taken by the general meeting of shareholders.

Chapter 5
Board of Directors
Art. 17
Organisation
(1) Electrica is managed by a board of directors formed of 5 directors elected by the Ordinary General Meeting of Shareholders of the Company, out of which at least 3 directors must to be independent and nonexecutive. The Board is entrusted with fulfilling all the necessary and useful acts for performing the Company’s business object, save for the ones assigned to the General Meeting of Shareholders, as well as for supervising the directors’ activity.
(2) The Romanian State, represented by the Ministry of Economy, acting through the Department of Energy or any other successor entity, will not be able to propose more than two candidates for the positions of directors, members of the Board. The other three candidates for the positions of directors will mandatorily be independent and nonexecutive and will only be proposed by the other shareholders. At least one of these three independent and nonexecutive candidates proposed by the other shareholders shall be selected through recruitment agencies with international reputation in the field of management positions, which will be hired by the Company. Also, all the independent candidates shall comply with eligibility and independence criteria acceptable to the Company’s shareholders, including, at least the following mandatory eligibility and independence criteria, arising from the best international practices in the field:
   a) the candidate must not be a manager of the Company or any company controlled by it and must not have had such a position in the last 5 years;
   b) the candidate must not have been an employee of the Company or of any company controlled by it or must not have had any such employment relationship in the last 5 years;
   c) the candidate must not receive or have received from the Company or from any company controlled by it, a supplementary remuneration or any other advantages, other than the ones corresponding to his position of nonexecutive director;
   d) the candidate must not be a significant shareholder of the Company;
   e) the candidate must not have or have had, in the last year, business relationships with the Company or with a company controlled by it, either personally, or as an associate, shareholder, director, manager or employee of a company which has such relationships with the Company, if, through their substantial character, they are of a nature that can affect the candidates objectiveness;
f) the candidate must not be or have been in the last three years financial auditor or associate employee of the current financial auditor of the Company or of any company controlled by it;
g) the candidate must not be a manager in any other company in which a manager of the Company is nonexecutive director;
h) the candidate must not have been a nonexecutive director of the Company for more than three mandates;
i) the candidate must not have any family relationships with a person falling under the situations provided in letters a) and d);
j) in the last five years, the candidate has not occupied a position in a central or local state authority or in competing companies;
k) the candidate shall fulfil the appropriate integrity, expertise and qualifications criteria,

(3) Each director should meet the general requirements imposed on a member of the board of directors of a Romanian company governed by the Romanian law and to have a relevant professional training.

(4) The Board meetings will be validly held in the presence of at least three (3) members out of whom one member will mandatorily be an independent member.

(5) The Board decisions will be taken by the majority of votes of the attending members (or represented as per the Romanian laws in force). The decisions relating to the appointment or revocation of the chairman of the Board are taken by a majority of the votes of the Board members. In case of an equality of votes, the Board president will have the decisive vote.

(6) The Board members may be appointed by the method of cumulative voting as per the applicable legal provisions.

(7) The Board Members are appointed for a period not longer than four years and, as the case may be, and revoked by the general meeting of shareholders of “Electrica”.

(8) In case of vacancy in the Board, the Ordinary General Meeting of Shareholders will be convened by the Board for the purpose of appointing a new director in view of filling such vacancy and the Board will proceed to appointing an interim director, until the Ordinary General Meeting of Shareholders of the Company meets. The term of office for which the new director is appointed will be equal to the period left until the expiry of the predecessor’s term of office.

(9) A Director’s mandate will be terminated:
   a) by the general meeting of shareholders revoking the mandate;
   b) by the director’s death;
   c) by renunciation to the mandate for grounds which may not be attributed to the director, based on a written notification delivered to the Chairman of the Board or at the Company’s registered office;
   d) the person in question is no longer a Director by virtue of any provision of this Constitutive Act or if there are legal prohibitions hindering the director to further fill such position (any circumstance causing a vacancy larger than or equal to 90 calendar consecutive days, rendering the director unable to perform his/her duties,
in person or through a representative, including, but without limitation to, an arrest (preventive arrest or by enforcing a punishment depriving them of freedom, a cancelation of the decision of the general meeting of shareholders for appointing the director);

e) in case the director is a legal person, if it becomes bankrupt or conducts legal procedures outside the court or concludes an arrangement for restructuring, rescheduling, or for being exempted from performing its obligations with its creditors or in general (including by carrying out preventive concordat procedures or an ad-hoc mandate);

f) if he is absent and does not mandate any other Director for the meeting, for more than 3 meetings of the Board in the course of an year or if he is absent (irrespective of whether or not he or she empowers another Director to attend the meeting), from more than 6 Board meetings during one year.

(10) In case a Director’s mandate remains vacant for any reason, the Director in question will cease to be a member of any committee or sub-committee of the Board.

(11) The Board meets at the headquarters of “Electrica” once a month, or whenever necessary, as convened by the chairman of the Board, at least 2 members of the board of directors or by the general manager.

(12) The Board carries out its activity based on its own regulation and the legal provisions in force.

(13) Directors act with loyalty, in the Company’s interest. The Members of the Board will not disclose confidential information and trading secrets belong to the Company, to which they have access in their capacity as directors.

(14) The chairman of the Board coordinates the board’s activity and reports in the name of the Board in this respect to the general meeting of shareholders, in accordance with the law. If the president is unable to temporarily perform his/her duties, during the period in which he/she is unable to act, the Board may entrust another director to act as president.

(15) The works of the Board meetings will be prepared by a structure from within the Company, representing the employees of the Company, which will have as duties, amongst others, granting the fully necessary support for carrying out the Board’s meetings. The head of the internal structure will act as secretary of the meeting during the Board’s meetings, save for the case in which it appoints another person to act in his/her place.

(16) During their mandates, the directors may not conclude an employment agreement with the Company. In case directors were appointed out of the Company’s employees, the individual employment agreement will be suspended for the duration of the mandate.

(17) The convening notice for the Board shall contain: the date, the place of the meeting and the agenda, and shall be sent at least 7 days before the meeting is held.

(18) Any documents to be discussed during the Board meeting or required for holding/carrying out the Board meeting need to be provided to the Board in original or in copy at the Company’s headquarters at least 7 days prior to holding the meeting.

(19) Any Director or another Board member empowered thereby may validly participate in a meeting of the Board or a committee of the Board through a teleconference, videoconference or any other form of communications equipment (whether in use when this Constitutive Act is adopted or developed subsequently), provided that all persons
participating in the meeting are identifiable, may effectively participate in the meeting of the Board and allows the continuous broadcasting of the meeting.

(20) A present member may represent a single absent member. The person participating in such manner through teleconference, videoconference or any other form of communications equipment complying with the requirements provided by the paragraph above will be deemed present in person at the meeting in question and will be taken into account upon determining the quorum, having the right to vote.

(21) The debates are audio recorded and, as the case may be, video recorded, and are registered in the minutes of the meeting, which is registered in a registry sealed and stamped by the chairman of the Board. The minutes will comprise the participants’ names, the agenda and the order of the deliberations, the taken decisions, the number of cast votes and the dissenting opinions and also indicating the person having requested the registration, other matters/information it believes are noteworthy. The minutes will be signed by the president of the meeting and by the all the directors attending the meeting. Based on the minutes, the Board’s secretary will prepare its decision, to be signed by the chairman and another Board member and by the secretary having prepared the decision.

(22) A written decision signed or confirmed electronically by all directors of the Board, will be valid and will produce effects in all cases just as a decision validly passed during a Board’s meeting (or, as the case may be, a committee). The approval of decisions in this manner is permitted only in exceptional cases, justified by urgent situations and the interest of the Company. Such a resolution may consist of several documents or electronic communications in the same form each signed or authenticated by one or more of the directors or members of the relevant committee.

(23) The Board delegates the Company’s management to one or more managers, appointing one of them general manager, who may be appointed from the directors, and from outside the Board; the managers, save for the general manager, may be appointed from outside the Board as per the legal provisions.

(24) At the Board meetings the following may be convened (i) managers (including the General Manager), (ii) internal auditors, (iii) specialists in various fields, depending on the matters subject to debate and/or (iv) representatives of trade union organizations, as stipulated by the law and by the collective employment agreement concluded at the level of the unit, in case the matters subject to discussion are focused on issues of professional economic, social or cultural interest. All these categories of invitees participate to the meeting without having the right to vote.

(25) In relation to third parties and before the courts of justice “Electrica” shall be represented by the general manager, based on the Company’s management delegated to him by the board of directors, the latter being in charge of representing the Company in relation to managers.

(26) The Company’s management must provide the shareholders and the auditor, at their request and in compliance with the legal provisions, with all of “Electrica”’s documents required in view of attaining such the scope.

(27) The members of the Board must expressly accept such capacity and must conclude professional liability insurance. The professional liability insurance premium may be borne by the Company depending on the negotiation of the clauses of the mandate agreement.
(28) The members of the Board are jointly or severally liable, as the case may be, towards “Electrica” for the damages resulted from criminal offences or breaches of legal provisions, for breaches of the Constitutive Act or for management errors. In such cases they may be revoked.
(29) Persons who are incompatible according to Companies Law No. 31/1990, as republished, as further amended and supplemented, may not be members of the Board or managers of “Electrica”.
(30) The Board may set-up consultative committees according to the Companies Law No. 31/1990, as republished, as further amended and supplemented.
(31) The Company is prohibited from granting loans to its directors according to the legal provisions.

Art. 18
Duties of the Board, general manager and managers. Consultative committees

A. Duties of the Board

1. The Board shall have mainly the following duties:
   a) approves the proposals regarding the global development strategy including by revamping, modernization, economic and financial restructuring of “Electrica”;
   b) approves the organisational chart and the organisation and functioning regulation of “Electrica”;
   c) approves the level of professional liability insurance for the general manager and the other managers to whom the Company’s management was delegated;
   d) decides the main directions of the Company’s activity and development;
   e) decides the accounting policies and the financial control system and approves financial planning;
   f) appoints and revokes the general manager and establishes its remuneration;
   g) supervises the managers’ activity and represents the Company with respect to the managers;
   h) submits the application for the opening of the Company’s insolvency proceedings, according to the law;
   i) if the case, exercises the duties delegated by the extraordinary general meeting of shareholders, in accordance with the law;
   j) concludes legal acts in the name and on behalf of the Company through which to acquire assets for “Electrica”, to dispose of, lease, change or create encumbrances over the assets in Electrica’s patrimony, with the approval of the general meeting of shareholder, when the law or this Constitutive Act impose such condition;
   k) approves the delegation of duties to managers (including the general manager) for the fulfilment of its operations;
   l) submits to the general meeting of shareholders for approval, within a maximum of 120 days from the end of the financial year, “Electrica’s” activity report, the balance sheet and profit and loss statement for the previous year;
   m) makes recommendations to the shareholders in relation to the distribution of the profit;
n) endorses the draft activity program and the draft of the Company’s budget and submits them to the general meeting of shareholders for approval within the period provided in letter l);
o) convenes the extraordinary general meeting of shareholders whenever necessary, according to the legal provisions;
p) approves the organisation and functioning regulation of the Board;
q) approves the organisational structure and the organisation and functioning regulation of the Company;
r) empowers the general manager to negotiate the collective labour agreement;
s) decides the duties and the level of contracting bank loans, commercial loans and approves the deliverance of the encumbrances related to these loans, in accordance with the competence limits for which a decision of the general meeting of shareholders is required, as per Annex 1 to this Constitutive Act;
t) establishes and approves, within the limit of income and expenses budget approved by the general meeting of shareholders, changes in the budget’s structure, within the limits for which the Board was mandated;
u) establishes and approves the level of remuneration of the Board’s secretary;
v) fulfils any other duties established by the general meeting of shareholders or provided by the legislation in force.
2. The Board must submit to internal and financial auditors, at least 30 days before the date established for the general meeting of shareholders, the annual financial statements for the previous financial year, accompanied by their report and justifying documents, in compliance with legal provisions;
3. The Board must submit to the territorial unit of the Ministry of Public Finance within the legal term hard copies and electronic copies (or just electronic copies) of the financial statements, along with the financial auditors’ reports and the minutes of the general meeting, in accordance with the law. The Board must also publish in the Official Gazette, part IV, an announcement confirming the submission of the financial statements.

B. Duties of the Board which cannot be delegated to the Company’s managers:
a. deciding the main directions of the Company’s activity and development and risk management principles;
b. deciding the accounting policy and financial control system and approving the financial planning;
c. appointing and revoking the managers with managing functions and deciding their remuneration;
d. supervising the activity of managers with managing functions mentioned in letter c); e. preparing the annual report, organising the general meeting of shareholders and implementing its decisions;
f. submitting the application for the opening of the Company’s insolvency proceedings, according to the law;
g. duties assigned to the Board by the general meeting of shareholders;
C. Consultative committees
(1) The nomination and remuneration committee and the audit committee are created within the Board.
(2) The nomination and remuneration committee makes proposals for the positions of members of the Board, drafts and proposes to the Board the selection procedure regarding candidates for manager positions and for other management positions, recommends to the Board candidates for the foregoing listed positions, makes proposals regarding the remuneration of managers and other management positions.
(3) The audit committee has, inter alia, the following duties: (i) to monitor the financial reporting process; (ii) to monitor the efficiency of the internal control, audit and, as the case may be, risk management systems within the Company; (iii) to monitor the statutory audit of yearly financial statements and yearly consolidated financial statements; (iv) to review and monitor the independence of the financial auditor and, especially, the performance of additional services to the Company.
(4) The audit committee must review all the documents and the operations provided by art. 14 par. (4) b), c) and d) and to make available to the Board a detailed recommendation related to, inter alia, the necessity, the opportunity, the potential risks and benefits related to these operations.
(5) If the audit committee decides in unanimity over the recommendation related to the aspects mentioned in paragraph (4) and the Board, in the documents provided to the general meeting of shareholders, takes a decision contrary to the recommendation of the audit committee, the decision of the Board shall contain a detailed description of the reason why a contrary decision was taken.
(6) The consultative committees comprise at least three Board members. The audit committee and the nomination and remuneration committee must be composed only of nonexecutive directors, and the majority of the members of these two committees must be represented by independents directors. In addition, at least one member of the audit committee must hold relevant experience in accounting and/or financial audit.
(7) The decisions of the committees shall be taken with the absolute majority of their members.
(8) The committees submit reports regarding their activity to the Board regularly or upon request.
(9) The consultative committees function in accordance with the organisation and functioning regulation of the relevant committee, approved by the Board in accordance with the legal provisions in force.

D. The Company’s general manager
(1) The management of the Company is delegated by the Board to the General Manager.
(2) The General Manager shall have mainly the following duties:
   a) represents the Company towards third parties;
b) applies the strategy and the development policies of the Company, as established by the Board;
c) notifies the Board about all irregularities detected during the fulfilment of the duties;
d) participates in the general meeting of shareholders;
e) hires, promotes and dismisses the employed personnel in accordance with the law, including the managers employed with individual labour agreement, others than the managers to which the Board has delegated management duties;
f) negociates, in accordance with the law, the individual labour agreement of the Company’s personnel;
g) participates in the negotiation of the collective labour agreement at the Company’s level, in accordance with the legal provisions in force and within the limit of the mandate granted by the Board;
h) concludes legal acts in the name and on behalf of the Company, within the limits of the empowerments granted by the Board;
i) submits for prior approval of the Board any transaction with the members of the Board, or with managers, employees, shareholders controlling the Company or a company controlled by them, if it has, individually or in a series of transactions, a value of at least the equivalent in RON of EUR 50,000. In order to decide on the transaction, the Board may request that an independent expertise be made, to check if the transaction is correct in comparison with the same type of transaction existing on the market;
j) fulfils any operations and/or projects which the Board or the general meeting of shareholders delegated to the general manager.

(3) Any member of the Board may request to the General Manager information related to the operative management of the Company. The General Manager shall inform the Board, regularly and in a proper way, over the operations undertaken and over those which are envisaged.

(4) At least once every 3 (three) months, the General Manager must draft and provide to the Board a written report related to the Company’s management (and also related to the fulfilment of his/its mandate), the activity of the Company (significant changes in business status and in the external aspects that could affect the performance of the Company) and the possible evolution of the Company (and the strategic perspectives of the Company)

E. The Company’s managers

(1) The duties of the Company’s managers are decided by the organisation and functioning regulation of “Electrica”, approved by the Board according to the legal provisions in force.
(2) The managers are only the persons to whom management responsibilities were delegated by the Board. Any other person, irrespective of the technical name of the position within the Company, is excluded from the application of the norms regarding managers of joint stock companies.
(3) The organisation of the managers’ activity, as well as their duties, are decided by decisions of the Board and the organisation and functioning regulation of “Electrica”, approved by the Board according to the legal provisions in force.

(4) The managers shall inform the Board in connection to all the irregularities found when carrying out their duties.

(5) In the absence of the Board’s approval, the managers may not be managers, directors, internal auditors or partners with unlimited liability in other competing companies or having the same business object, and they cannot carry out the same trade or another competitive one, on their own account or on another person’s account, subject to revocation and liability for damages.

(6) The managers are liable for not fulfilling their obligations and must inform the Board on a regular basis regarding the manner in which they carried out their activity and fulfilled their duties, and may be revoked by the Board at any time.

(7) The managers shall be registered with the Trade Register based on the Decision of the Board, which shall be published in the Official Gazette, Part IV.

(8) The managers are responsible for taking all the measures according to the limits of the Company’s business object and based on the duties delegated by the Board and the general meeting of shareholders, according to the legal provisions.

Chapter 6

The vote of Electrica in the general meetings of shareholders of Electrica’s subsidiaries

Article 19
As regards Electrica casting its vote in the subsidiaries’ general meetings of shareholders (both ordinary and extraordinary), the following bodies of Electrica will be competen to decide:

A) Extraordinary general meeting of shareholders of Electrica with respect to the following:
   a) establishing the subsidiaries’ incomes and expenditures budget;
   b) discussing, approving or amending the subsidiaries’ annual financial statements, relying on the reports presented by their board of directors and by the financial auditor;
   c) approving the distribution of the subsidiaries’ profit as stipulated by the law and establishing the dividends;
   d) withdrawal of the preference right of the shareholders to subscribe for shares newly issued by the subsidiaries;
   e) the subsidiaries contracting any bank loans from the internal and foreign market or trade loans, irrespective of their duration, with a value, individually or cumulatively, for the duration of a fiscal year, exceeding half of the book value of the subsidiary’s assets at the date the instrument is concluded, and also the related security;
   f) approving the investment projects in which the subsidiaries will participate and which will imply costs/contributions in excess of EUR 25 million (at the exchange rate RON/EUR valid on the date when the decision is taken) for each project;
g) approving the issuing and admission to trading on a regulated market or on an alternative system for trading shares, certificates of deposit, allotment rights or other similar financial instruments;

h) changing the subsidiaries’ legal form;

i) changing the subsidiaries’ main or secondary business object;

j) increasing the share capital, as well as decreasing or replenishing the share capital by issuing new shares, according to the law;

r) share assignments;

k) merger, demerger;

l) dissolving subsidiaries;

m) carrying out any issuance of bonds or changing the category of bonds into another category or into shares;

n) any amendment of the articles of association; and

o) approving the conversion of preferential and nominative shares from one category into another, and also the conversion of shares in dematerialized form into shares in materialized form, according to the law.

B) **Electrica’s Board of Directors** with respect to all the other decisions that need to be taken in the subsidiaries’ general meeting of shareholders and which have not been mentioned as pertaining to the extraordinary general meeting of shareholders of Electrica in paragraph A) above, including, but without limitation to, the following:

a) decides upon Electrica casting its vote during its subsidiaries’ general meeting of shareholders,

b) appointing and revoking the members of the board of directors of each subsidiary and establishing the remuneration to which such directors and the companies’ managers are entitled, the general limits of additional remunerations, the level of the professional liability insurance and other rights according to the law;

c) decides upon the management carried out by the subsidiaries’ directors, assessing their performance and discharging them of liability, according to the law;

d) decides upon filing legal actions in tort against directors, managers and financial auditors of subsidiaries, for losses they caused to the companies by breaching their duties towards the companies in question;

e) decides upon mortgaging or leasing or dissolving some units or headquarters of the subsidiaries;

f) approves the proposals regarding the global development strategy of subsidiaries, including by revamping, modernizing and economic and financial restructuring of the subsidiaries;

g) changing the subsidiaries’ headquarters.

**Chapter 7**
**Registers**
**Art. 20**
“Electrica” shall maintain all the required registers, in accordance with the law, with the care of the Board and the internal auditors.
Chapter 8
Financial and accounting activity

Art. 21

Financial audit, internal audit

(1) The Board shall propose to the general meeting of shareholders the nomination of the financial auditor on the basis of the recommendation of the audit committee.

(2) The external auditors shall have the following main duties:

a) to check if the financial statements are elaborated according to International Accounting Standards and the International Financial Reporting Standards;

b) to control, at the end of the financial year, the stocks, the documents and information provided by the Board in connection to the accounts of Electrica, the balance sheet and income statement, submitting a written report to the general meeting of shareholders;

c) to report of the information in the financial documents presents fairly the assets and liabilities of “Electrica”, the Company’s financial status, the cash flows as of the balance sheet date, the Company’s financial results for the year ended and how the accounting records were kept in compliance with the legal regulations in force;

d) to check the correctness of accounting records and registrations made according to the legislation in force;

e) to check the compliance of the financial statements with the accounting records.

(3) The internal auditors shall have the following main duties:

a) to check, during the financial year, the treatment of fix and current assets, the bills, cash and accounting records, informing the Board in connection to any irregularities found;

b) to control the operations for Company’s liquidation;

c) to manage the liquidity risk and the capital risk of the Company;

d) to check whether the Company acts with integrity in its relations with its customers and with the relevant markets;

e) to check whether the principles related to management risk were establish and revised by the Board;

f) to evaluate the establishment and the operative efficiency of the processes of the Company;

g) to present to the general meeting of shareholders their position on the proposals to decrease the share capital or to amend the Constitutive Act and the business object of Electrica;

h) to perform inspections of the Company’s cash desks on a monthly basis or whenever necessary, checking the documents or values owned by Electrica, or that were received as pledge, bail or deposit;

i) to attend the ordinary and extraordinary general meetings of shareholders, adding the proposals they consider necessary on the agenda; and

j) to supervise the compliance of the directors and liquidators with the provisions of the Company’s Constitutive Act and the legislation in force.
(4) The financial auditor shall report to the audit committee and to the Board (through the president of the Board) with respect to essential aspects resulting from the statutory audit and, especially, with respect to significant deficiencies of the internal control regarding the process of financial reporting.

(5) The internal auditors may alert the Board (through the president of the Board) whenever they consider necessary when they notice the breach of statutory and legal provisions. Any alert addressed to the Board shall also be addressed to the audit committee.

(6) The duties, rights and obligations of external and internal auditors shall be supplemented by the applicable legal provisions.

Art. 22
Financing of own activity
In order to carry out its business object and according to the duties assigned, “Electrica” uses the financing sources provided by law, bank loans and other financial sources.

Art. 23
Financial period
The financial period starts on January 1st and ends on December 31st each year. The first financial period starts upon the date of registration of “Electrica” with the Trade Register.

Art. 24
Depreciation of fixed assets
The depreciation of “Electrica”’s tangible and intangible assets shall be calculated according to the manner decided by the Board, according to the applicable legal provisions.

Art. 25
Accounting records and balance sheet
(1) “Electrica” shall keep the accounting records in RON, shall elaborate the balance sheet and the profit and loss statement on a yearly basis, considering the methodological norms elaborated by the Ministry of Finance.
(2) The balance sheet and income statement shall be published in Romania’s Official Gazette, Part IV, according to legal provisions.

Art. 26
Profit calculation and distribution
(1) The profit of “Electrica” is decided based on the balance sheet approved by the general meeting of shareholders. The taxable profit is decided according to the law.
(2) The profit of “Electrica” left after the payment of income tax shall be distributed according to the decision of the general meeting of shareholders and the legal provisions in force.
(3) Out of the profit of the Company left after the payment of the profit tax, “Electrica” sets a reserve fund and other funds, for the modernisation, research and development, investments, as well as for other purposes established by the general meeting of shareholders or in other way, according to the law.
(4) The dividends due to shareholders are paid by “Electrica”, according to the law, after the financial statements are approved by the general meeting of shareholders.

(5) The Company pays dividends to the issuer of the depositary receipts proportionally to its holdings at the registration date set by the general meeting of shareholders which approved the distribution of such dividends, in the same conditions and observing the same rules applicable to other shareholders. The issuer of the depositary receipts is fully responsible that the sums paid as dividends will be received by the holders of the depositary receipts, proportionally with their holdings at the registration date set by the general meeting of shareholders which approved the distribution of such dividends.

(6) In case of losses, the Board shall present before the general meeting of shareholders the reasons and shall propose measures to remedy the situation.

Chapter 9
Personnel
Art. 27
(1) The management and executive personnel of “Electrica” is appointed, employed and dismissed by the general manager.

(2) The salaries and related taxes, social security contributions, as well as other amounts due to the state budget shall be paid according to the law.

(3) The salary rights and the other employee related rights are decided in the collective labour agreement for the executive personnel and by the Board for the personnel appointed by the latter.

Chapter 10
Partnerships, changing the legal form, dissolution, merger, spin-off and liquidation
Art. 28
Partnerships
(1) “Electrica” may set-up, alone or together with other Romanian or foreign natural or legal persons, other companies or other entities, according to the law and the present Constitutive Act.

(2) “Electrica” may conclude partnership agreements with other natural or legal persons without setting-up new entities, if the partnership is needed for carrying out its business object.

(3) The terms for “Electrica”’s participation in setting-up new entities or partnership agreements shall be decided in the articles of association or the partnership contract, which shall be approved by the general meeting of shareholders.

Art. 29
Changing the legal form
(1) The legal form of “Electrica” may be changed only based on the decision of the extraordinary general meeting of shareholder and after fulfilling all the formalities provided by the law.
Art. 30
Dissolution, merger, spin-off and liquidation
(1) The dissolution, merger and spin-off of “Electrica” shall be made in compliance with the legal provisions and the applicable procedures, including the terms of this Constitutive Act.

A. The dissolution shall take place in the following cases:
   a) impossibility to carry out its business object;
   b) declaration of nullity;
   c) decision of the general meeting of shareholders;
   d) reduction of the Company’s net assets, calculated as the difference between the Company’s assets and its liabilities, below half of the subscribed share capital unless the general meeting of shareholders decides to replenish the share capital or to limit it with an amount at least equal to the loss that could not be covered from reserves;
   e) initiation of bankruptcy proceedings;
   f) when the number of shareholders drops below the legal minimum;
   g) other reasons provided by the law or the present Constitutive Act.

(2) The decision to dissolve “Electrica” must be registered in the Trade Register and published in Romania’s Official Gazette, Part IV.

B. Merger and spin-off
(1) The Company’s merger or spin-off shall be approved by decision of the extraordinary general meeting of shareholders.
(2) In case of a merger or spin-off, the Board must draw up a merger or spin-off plan, according to the legal provisions.

C. Liquidation
(1) The dissolution of “Electrica” shall entail the commencement of the liquidation procedure.
(2) The liquidation of “Electrica” and the distribution of its patrimony shall be carried out according to the law and in compliance with legal procedures.

Chapter 11
Final provisions
Art. 31
The provisions of the present Constitutive Act shall be supplemented by the provisions of the Companies Law no. 31/1990, republished, as subsequently amended and completed, of the capital markets legislation, of Law no. 287/2009 on the Civil Code as republished, and the other legal provisions in force.
ANNEX No. 1 to the Constitutive Act of Electrica

Limitation of duties of the General Meeting of Shareholders and the Board of Directors relating to agreements and operations at the level of the Company

<table>
<thead>
<tr>
<th>No.</th>
<th>AGREEMENTS, LOANS AND OPERATIONS</th>
<th>APPROVING DUTY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Type of agreement / operation</td>
<td>Value of the agreement / operation (inclusive of VAT)</td>
</tr>
<tr>
<td>1.</td>
<td><strong>Bank loans</strong> from the internal and foreign markets, business loans for working capital, irrespective of their duration, and also granting the <strong>guarantees</strong> related to such loans</td>
<td>Below EUR 50,000,000</td>
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<tr>
<td></td>
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<td>Over EUR 50,000,000</td>
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<tr>
<td></td>
<td><strong>For investment loans</strong>, irrespective of their duration and creating the related <strong>guarantees</strong></td>
<td>Below EUR 50,000,000</td>
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<td>Over EUR 50,000,000</td>
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<tr>
<td>2.</td>
<td><strong>Investments</strong></td>
<td>Below EUR 30,000,000 for each project</td>
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<td></td>
<td></td>
<td>Over EUR 30,000,000 for each project</td>
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<tr>
<td>3.</td>
<td><strong>Donations</strong></td>
<td>Below EUR 50,000 for each donation until a cumulative maximum value of EUR 1,000,000 per year.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Over EUR 50,000 for each donation OR over any donation that, together with the previous ones, exceeds in a year the threshold of EUR 1,000,000.</td>
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</table>