

**27 APRIL 2016**

**THE ARTICLES OF ASSOCIATION**  
**OF**  
**SOCIETATEA ENERGETICĂ**  
**ELECTRICA S.A.**

**Consolidated pursuant to**  
**the General Meeting of the Shareholders of April 27<sup>th</sup> 2016**  
*Non-Official Translation*

## **CHAPTER 1 NAME, LEGAL FORM, REGISTERED OFFICE, DURATION**

### **Art. 1 Name**

- (1) The name of the company is Societatea Energetică Electrica S.A. (hereinafter referred to as “**Electrica**” or the “**Company**”).
- (2) In any invoice, offer, order, tariff, prospectus and any other trading documents issued by Electrica shall be mentioned the name of the Company, its legal form, headquarters, registration number with the Trade Register, sole registration code, as well as the subscribed and paid up share capital. If Electrica has its own website, the previously mentioned information shall also be published on the website of the Company.

### **Art. 2 Legal form**

Electrica is a Romanian legal entity, organized as a joint stock company that is managed in a one tier system and carries out its business according to the Romanian laws and these Articles of Association.

### **Art. 3 Registered office**

- (1) The Company has its headquarters at 9 Grigore Alexandrescu Street, 1<sup>st</sup> District, Bucharest, Romania.
- (2) The Company may 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 law and these Articles of Association.

### **Art. 4 Duration**

The Company is established for an unlimited period.

## **CHAPTER 2 BUSINESS OBJECT**

### **Art. 5 Business object**

- (1) The main business domain of the Company is: 642 - Holding Activities.
- (2) The main business object of the Company is: 6420 - Holding Activities.

(3) The Company may also carry out the following secondary activities:

- 3514 – Trading 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.;
- 7021 – Public relations and communication consultancy activities;
- 7022 – Business and management 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. 6 Share capital**

- (1) The share capital of the Company is of RON 3,459,399,290, subscribed and fully paid in.
- (2) The structure of the share capital is as follows:
  - a. In kind contribution of RON 38,467,970 (representing plots of land and constructions); and
  - b. Cash contribution of RON 3,107,589,290 and USD 109,240,801.12 (at an exchange rate of RON 3.2205/USD 1).
- (3) The share capital is divided into 345,939,929 nominative shares with a nominal value of RON 10 each.
- (4) The share capital is held as follows:
  - a. **The Romanian State**, represented by the competent authority according to the law, holds 168,751,185 shares, having a total nominal value of RON 1,687,511,850, out of which RON 38,467,970 contribution in kind (representing plots of land and constructions), representing 48.78% of the subscribed share capital;
  - b. **Shareholders – list type (462 legal entities)**, hold a number of 143,261,974 shares, having a total nominal value of RON 1,432,619,740, composed of cash contribution of RON 1,080,809,740 and USD 109,240,801.12 (at an exchange rate of 3.2205 RON/USD), representing 41.41% of the share capital; and
  - c. **Shareholders – list type (11,151 natural persons)**, hold a number of 33,926,770 shares, having a total nominal value of RON 339,267,700, composed of cash contribution of RON 339,267,700, representing 9.81% of the share capital.

The share capital does not include assets such as those provided by article 136, paragraph (4) of the Constitution.

#### **Art. 7 Share capital increase and decrease**

- (1) The share capital of the Company may be increased by issuing new shares or by increasing the nominal value of the existing shares, with the observance of the law and of these Articles of Association.

- (2) The share capital may be increased:
  - a. in exchange of new contributions in cash and/or in kind;
  - b. by capitalization of reserves, save for legal reserves, as well as the benefits or issue premiums;
  - c. by offsetting liquid and due receivables against the Company with shares;
  - d. by other sources, according to the law.
- (3) The shareholders may exercise their preference right within a term of 30 days since the resolution approving the share capital increase has been published in the Official Gazette.
- (4) The share capital of the Company may be decreased, with the observance of the law and of these Articles of Association, 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.
- (5) 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 the 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 determined, 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.
- (6) 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 the Official Gazette, according to the legal provisions.

## **Art. 8 Shares**

- (1) The rights and obligations deriving from the shares owned by the Romanian State are exercised by the entities nominated according to the legal provisions.
- (2) The shares of the Company are nominative shares, issued in a dematerialized form, 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 Depozitarul Central S.A., or by any other competent entity according to the law which, upon the request of any shareholder, will issue a shareholder certificate.
- (5) The shareholders may create mortgages over the shares of the Company and they may encumber the shares by usufruct rights according to the law.
- (6) Romanian or foreign individuals or legal entities may hold shares issued by the Company, with the observance of the 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**

The Company 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 the shareholders (i) the right to one vote in the general meeting of the shareholders, (ii) the right to elect the management bodies, (iii) the right to participate to the profit distribution, as well as (iv) other rights provided by these Articles of Association and by the legal provisions.
- (2) The acquisition of the property right over a share by a person, directly or indirectly, has as effect the obtainment of the capacity of shareholder of the Company together with all rights

and obligations deriving from this capacity, in accordance with the law and these Articles of Association.

- (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 the Company are secured by its patrimony, and the liability of the shareholders is limited to 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 the interest of the Company, must refrain from deliberations regarding the respective operation.

**Art. 12 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 timely manner, observing the provisions of the issuance documents of the depositary receipts, about the documents and the informative materials related to a general meeting of shareholders, as made available by the Company to the shareholders.
- (3) In order to exercise its rights and obligations related to a general meeting of shareholders, a holder of depositary receipts sends to the entity where it has opened its account for depositary receipts the voting instructions for the topics on the agenda of the general meeting of the shareholders, so that such information is sent to the issuer of the depositary receipts.
- (4) The issuer of the depositary receipts votes in the general meeting of the shareholders of the Company in accordance with and within the limits of the instructions of the holders of the depositary receipts which have this quality at the reference date.

- (5) The issuer of the depositary receipts may cast different votes for certain underlying shares in the general meeting of the shareholders than 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 traded 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 topics on the agenda of the general meeting of the 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 the 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 (in Romanian, *zile calendaristice libere*), 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 the vote.

#### **Art. 13 Transfer of shares**

- (1) The shares are indivisible. The Company shall recognize a sole owner per each share, subject to the provisions of article 11 paragraph (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 applicable legal provisions, including the capital markets legislation.

### **CHAPTER 4 THE GENERAL MEETING OF THE SHAREHOLDERS**

#### **Art. 14 Duties of the general meeting of the shareholders**

- (1) The general meeting of the shareholders is the governing body of the Company.
- (2) The general meetings of the shareholders are ordinary and extraordinary.



- (3) **The ordinary general meeting of the 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 the legal provisions;
  - b. to establish the income and expenses budget, to set out the activity schedule;
  - c. to establish the income and expenses budget consolidated at the group level;
  - 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 management activity of the directors 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 one or more units of the company;
  - j. to appoint and dismiss the financial auditor and to set the minimum term of the financial audit contract; and
  - k. to carry out any other duties set out by the law.
- (4) **The extraordinary general meeting of the shareholders** shall 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, 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 these Articles of Association;
  - 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, and 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 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 the Company will be involved in accordance with the competence limits provided in Annex 1 to these Articles of Association, 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. approving the conversion of preferential and nominative shares from one category to another, according to the law;
- n. any other amendment to the Articles of Association;
- o. participation in the establishment of new legal persons;
- p. approval of the eligibility and independence criteria with respect to the Board members;
- q. approval of the corporate governance strategy of the Company, including the corporate governance action plan;
- r. donations within the limits of the competence provided in Appendix 1 to these Articles of Association; and
- s. any other decision that requires the approval of the extraordinary general meeting of the shareholders.

#### **Art. 15 Convening the general meeting of the shareholders**

- (1) The general meeting of the shareholders is convened by the Board according to the legal provisions.
- (2) The Board shall promptly convene the general meeting of the shareholders upon the request of shareholders representing, individually or cumulatively, at least 5% of the share capital. In this case, the general meeting of the 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 the shareholders according to paragraph (2) above, the shareholders that requested the convening may claim in court the authorisation to convene the general meeting of the shareholders, as well as (i) the approval of the agenda, (ii) the establishment of the reference date, of the date and place for the gathering of the general meeting of the shareholders and (iii) the appointment of the shareholder to preside the meeting.
- (4) Shareholders individually or cumulatively representing at least 5% of the share capital are entitled to insert new topics on the agenda of the general meeting of the shareholders and to present draft decisions for the topics inserted or proposed to be inserted on the agenda of the general meeting of the shareholders. This right may be exercised only in writing (including by electronic means) and within a 15-day term since the publication of the convening notice.

- (5) The ordinary general meetings of shareholders take place at least once a year, within maximum 4 (four) months from the end of the financial year, in order to analyse the balance sheet and profit and loss account for the previous year and to analyse the annual report of the Board;
- (6) 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 these Articles of Association.
- (7) The general meeting of the 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 the shareholders caused by insufficient 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 the shareholders.
- (8) The convening notice shall contain at least the name of the Company, the place, date and hour of the general meeting of the shareholders, the reference date and the agenda, which should explicitly mention all the matters to be debated 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 the shareholders.
- (9) When the agenda contains proposals for amending the Articles of Association, the convening notice must contain the full text of the proposed amendments.
- (10) The general meeting of the shareholders gathers at the headquarters of the Company or in any other place indicated in the convening notice.

#### **Art. 16 Organization of the general meeting of the shareholders**

- (1) For the validity of the deliberations of the ordinary general meeting of the 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 the 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. 14 (3) (a) regarding the revocation of the directors and art. 14 (3) (j), situation in which the decisions shall be adopted with the favourable vote of at least 55% of the total number of voting rights.
- (2) In case the quorum provided in point (1) is not duly met, at the second call, the ordinary general meeting of the 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 the 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. 14 (4), letters (d), (n), (p), (q), (r) and (s), 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. 14 (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 (2/3) 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. In case the quorum provided at this point (3) (a) of the current article is not duly met, the meeting shall be adjourned to another day at a time and place established in accordance with the legal provisions;
  - b. at the second and subsequent convening, the extraordinary general meeting of the 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 held by the shareholders present or validly represented in the meeting, except for the (A) attributes provided in art. 14(4) letters (n), (p), (q), (r) and (s), 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. 14 (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 (2/3) of the voting rights held by shareholders present or validly represented in the meeting, but not less than 55% of the total voting rights.
- (4) By way of exception from the provisions mentioned under paragraph (3) above, in case of any decisions regarding the withdrawal of the preference right of shareholders to subscribe for new shares in a share capital increase, the general meeting of the shareholders must vote with the observance of the relevant legal provisions regarding the quorum of the general meeting of the shareholders and the voting majority, as provided in the capital markets legislation.
- (5) To calculate the quorum in the general meeting of the shareholders only the underlying shares for which the issuer of the depositary receipts votes in the general meeting of the 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 the shareholders, the percent of the

voting rights related to the underlying shares for which it will express its vote in the general meeting of the shareholders.

- (6) On the day and at the hour mentioned in the convening notice, the general meeting of the shareholders shall be opened by the Chairman or, in his/her absence, by a director empowered by the Chairman for this purpose.
- (7) Out of the present shareholders, the general meeting of the shareholders shall elect a secretary who shall check the list of presence of the shareholders, indicating the share capital represented by each. The Chairman may appoint, among 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 Articles of Association to hold the general meeting of the shareholders will be drafted by the technical secretary.
- (8) The minutes shall be signed by the secretary and by the Chairman 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 the 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 meetings of shareholders 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, other documents provided by the law, must be attached to each minutes.
- (11) The access of shareholders or their proxies entitled to participate at the general meeting of the shareholders shall be permitted by providing evidence of their identity, by the methods provided by law. The Board may refuse access to any meeting to any person who fails to provide such evidence of identity.
- (12) The Chairman shall take such measures or give directions as it might 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 it is necessary to secure the proper and orderly conduct of the meeting, provided that the present/represented shareholders confirm/approve this decision. 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 decision.

- (13) Shareholders' participation to the general meeting of the shareholders is made in person or by representative according to the legal provisions. Shareholders may also be represented by other persons than shareholders.
- (14) Shareholders may appoint or revoke their representatives including by electronic means, according to the applicable legal provisions.
- (15) Where the Company's management has the obligation, in accordance with the law or these Articles of Association, to inform the shareholders about certain measures or actions undertaken, such information is included on the agenda of the general meeting of the shareholders and is not subject to the shareholders' vote.
- (16) Each shareholder may address questions in writing to the Board regarding the Company's activity, before the date of the general meeting of the shareholders. 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. 17 Exercising the voting right at the general meeting of the shareholders**

- (1) The decisions of the general meeting of the shareholders are taken by open vote.
- (2) Decisions may be taken according to the terms and majority provided by law and these Articles of Association for ordinary or extraordinary general meetings of shareholders.
- (3) Shareholders may vote by correspondence before the general meeting of the 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 the shareholders or of one of the 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 management and control bodies. In order to be enforceable against third parties, the decisions of the general meeting of the shareholders shall be submitted to the Trade Register within 15 days, in order to be mentioned in the excerpt in the register and published in the Official Gazette. 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 the shareholders, other documents may also be published on the webpage, according to the legal provisions.

- (6) The conditions regarding the publicity of the general meeting of the shareholders apply correspondingly to the decisions of the Board in the matters delegated by the general meeting of the shareholders.
- (7) The decisions taken by the general meetings of shareholders according to the law and these Articles of Association 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 legal form, the merger or spin-off of the Company, have the right to withdraw from the Company and to request the Company to purchase their shares, within 30 days from the publication of the decision of the general meeting of the shareholders in the Official Gazette, 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 the shareholders.

## **CHAPTER 5 THE BOARD AND THE MANAGEMENT OF THE COMPANY**

### **Art. 18 Organization of the Board**

- (1) The Company's management is organized in one-tier (unitary) system, respectively as a board of directors formed of 7 (seven) non-executive directors (the "**Board**"). At least 4 (four) directors must be independent.
- (2) The Romanian State, represented by the competent authority according to the law, will not be able to propose more than 3 (three) candidates for the positions of directors, members of the Board. The candidates for the other 4 (four) positions of directors will mandatorily be independent and will be proposed by the other shareholders. 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 (five) 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 (five) 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 non-executive director;
  - d. the candidate must not be a significant shareholder of the Company; is not and has not been an employee or a representative of a significant shareholder of the Company,

does not have or has not had any contractual relationship, during the previous financial year, with a significant shareholder of the Company, (significant more than 10% of voting rights) or with another company controlled by the respective shareholder;

- 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 shareholder, director, manager or employee of a company which has such relationships with the Company, if, through their material nature, they may affect the candidate's objectiveness;
  - f. the candidate must not be or have been in the last 3 (three) years financial auditor, shareholder or 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 non-executive director;
  - h. the candidate must not have been a non-executive director of the Company for more than 2 (two) full mandates (i.e. 8 years);
  - 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 5 (five) years, the candidate has not occupied in Romania a management or controlling (i.e. inspection) position in a central or local state authority or has not been a statutory director, a manager or an employee with management prerogatives of a company active on the Romanian territory in the field of electricity distribution, electricity supply, electricity trading or construction, maintenance and design of electricity capacities;
  - k. the candidate shall fulfil the appropriate integrity, expertise and qualifications criteria.
- (3) The Board meetings will be validly held in the presence of at least 5 (five) members out of whom 3 (three) members will mandatorily be independent members.
- (4) The Board decisions will be taken by the majority of votes of the attending or represented members. In case of parity of votes, the respective decision is rejected.
- (5) The decisions relating to the appointment of the Chairman are taken by the majority of the votes of the Board members.
- (6) The decisions relating to the revocation of the Chairman are taken by the majority of the votes of the Board members. In this specific case, the Chairman does not have the right to vote.
- (7) The Board members may be appointed by the method of cumulative voting as per the applicable legal provisions.
- (8) The Board is appointed for a period of 4 (four) years. It may be revoked by the general meeting of the shareholders of the Company.



- (9) In case of vacancy of one or more director positions, whenever the Board cannot function and fulfil its duties in accordance with the applicable legal provisions and these Articles of Association, the Board shall immediately convene the general ordinary meeting of the shareholders having on the agenda the filling of the vacant position(s) of director. The Board may appoint an interim director for the period until the general ordinary meeting of the shareholders having on the agenda the filling of the vacant position(s) of director.
- (10) A director's mandate will be terminated:
- a. by the general meeting of the shareholders revoking the mandate;
  - b. by the director's decease;
  - c. by resignation for grounds which may not be attributed to the director, based on a written notification delivered to the Chairman at the Company's headquarters;
  - d. the person in question is no longer a director by virtue of any provision of these Articles of Association or if there are legal prohibitions hindering the director to further occupy such position (any circumstance causing a vacancy longer 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, arrest, imprisonment as result of a court decision, cancelation of the decision of the general meeting of the shareholders for appointing the respective director;
  - e. in case the director is a legal entity, 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 (including by carrying out preventive concordat procedures or an ad-hoc mandate);
  - f. if he/she is absent and does not mandate any other director for the meeting, for more than 3 (three) meetings of the Board in the course of a financial year or if he/she is absent (irrespective of whether or not he/she empowers another director to attend the meeting), from more than 6 (six) Board meetings during one financial year.
- (11) The Board meets 4 (four) times per year, or whenever necessary, as convened by the Chairman. The Board is also convened upon the motivated request of at least 2 (two) members of the Board or by the General Manager, in which case the Chairman is bound to comply with such request. Furthermore, the Board may be convened by the Chairman at the request of any member of the Board, with the Chairman's approval for such convening, which will not be unreasonably withheld; if the Chairman refuses such convening at the request of any member of the Board, the Chairman must explain the reasons for refusal in the next Board meeting.
- (12) The Board carries out its activity based on its own regulation and the legal provisions in force.

- (13) The directors act with loyalty, in the Company's interest. They will not disclose confidential information and trading secrets of the Company, to which they have access in their capacity as directors.
- (14) The Board elects a chairman from among its members (the "**Chairman**"). The Chairman coordinates the board's activity and reports in the name of the Board in this respect to the general meeting of the shareholders, in accordance with the law. If the Chairman 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 Chairman. For facilitating its decision-making process, the Board may decide to create one or more vice-chairman positions.
- (15) The works of the Board meetings and of the consultative committees of the Board will be prepared by a secretarial structure organized within the Company, formed by employees of the Company, which will have as duties, amongst others, granting the fully necessary support for carrying out the Board's meetings and of the consultative committees of the Board. The head of the internal structure will act as secretary of the meeting during the Board's meetings and of the consultative committees of the Board, save for the case in which it appoints another person to act in his/her place. This secretarial structure will be organized and will function as per the provisions of the organization and operation regulations of the Board, of the consultative committees of the Board, and, respectively, of the internal regulations, in accordance with the best practices.
- (16) During their mandates, the directors may not conclude employment agreements 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 place, the date, the hour of the meeting and the agenda, and shall be sent at least 7 (seven) 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 (seven) days prior to holding the meeting.
- (19) The Board members may be represented in a Board meeting by the other members of the Board. A present member may only represent a sole absent member.
- (20) If technically available, any Board member 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, provided that all persons participating in the meeting are identifiable, they may effectively participate in the meeting of the Board and the equipment ensures the continuous broadcasting of the meeting.
- (21) The person participating 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.

- (22) 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. The minutes will comprise the participants' names, the agenda and the order of the deliberations, the taken decisions, the number of casted 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 Chairman, by a director that attended the meeting and by the secretary of the meeting. The secretary drafts the decision of the Board based on the minutes.
- (23) A written decision signed at distance or electronically confirmed by all members 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 if in the interest of the Company. Such a decision may consist of several documents or electronic communications in the same form each signed by one or several members of the Board or by members of the relevant committee.
- (24) The Board delegates the Company's management to one or more managers, appointing one of them general manager (the "**General Manager**"). The position of General Manager may not be held by one of the directors.
- (25) 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.
- (26) By way of exception from article 18 paragraph (27) of these Articles of Association, for the accomplishment of the duties of the Board, the Company may contract, based on the decision of the Board, services carried out by third parties. In relation with the third parties contracted based on the decision of the Board, the Company shall be represented by the General Manager or by any other person nominated in the decision of the Board and registered with the Trade Register as a representative of the Company.
- (27) In relation to third parties and before the courts of justice the Company shall be represented by the General Manager, in accordance with the management prerogatives delegated to him/her by the Board, the latter being in charge of representing the Company in relation to managers.

- (28) Each member of the Board must expressly accept such capacity and must subscribe an insurance policy for professional liability. The premium of the insurance for professional liability premium shall be borne by the Company.
- (29) The members of the Board are jointly or severally liable, as the case may be, towards the Company for the damages resulted from criminal offences, from breaches of the legal provisions or of the Articles of Association or for management errors.
- (30) Persons who are incompatible according to the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, may not be members of the Board or managers of the Company.
- (31) The Board may set-up consultative committees according to the Companies Law no. 31/1990, republished, as subsequently amended and supplemented.
- (32) The Company is prohibited from granting loans to its directors according to the legal provisions.

**Art. 19 Duties of the Board, Consultative committees, Managers and General Manager.**

**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 the Company;
  - b. approves the set-up or dissolution of the secondary offices, such as: branches, agencies, representative offices or other similar units without legal status, according to the legal provisions;
  - c. approves the organisational chart and the organisation and functioning regulation of the Company;
  - d. approves the level of professional liability insurance for the General Manager and the other managers to whom the management of the Company was delegated;
  - e. decides the main directions of the Company's activity and development;
  - f. decides the accounting policies and the financial control system and approves financial planning;
  - g. appoints and revokes the managers, including the General Manager, and establishes their remuneration;
  - h. supervises the managers' activity and represents the Company with respect to the managers;
  - i. submits the application for the opening of the Company's insolvency proceedings, according to the law;
  - j. if the case, exercises the duties delegated by the extraordinary general meeting of the shareholders, in accordance with the law;

- k. concludes legal acts in the name and on behalf of the Company through which to acquire assets for the Company, to dispose of, lease, change or create encumbrances over the assets in the Company's patrimony, with the approval of the general meeting of the shareholders, when the law or these Articles of Association impose such condition;
  - l. approves the delegation of duties to managers (including the General Manager) for the fulfilment of its operations;
  - m. submits to the general meeting of the shareholders for approval, within a maximum of 120 days from the end of the financial year, the Company's activity report, the balance sheet and profit and loss statement for the previous financial year;
  - n. makes recommendations to the shareholders in relation to the distribution of the profit;
  - o. endorses the draft activity program and the draft of the Company's budget and submits them to the general meeting of the shareholders for approval within the period provided in letter m);
  - p. convenes the general meeting of the shareholders whenever necessary, according to the legal provisions;
  - q. approves the organization and functioning regulation of the Board and of its committees;
  - 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 the shareholders is required, as per Annex 1 to these Articles of Association;
  - t. establishes and approves changes in the income and expenses budget's structure approved by the general meeting of the shareholders, within the limits for which the Board was mandated;
  - u. establishes and approves the level of remuneration of the Board's secretary;
  - v. approves the annual consolidated investment plan at a group level (CAPEX plan);
  - w. fulfils any other duties established by the general meeting of the shareholders or provided by the legal provisions.
- (2) The Board must submit to internal and financial auditors, at least 30 days before the date established for the general meeting of the shareholders, the annual financial statements for the previous financial year, accompanied by their report and justifying documents, in compliance with the 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 an announcement confirming the submission of the financial statements.
- (4) The following duties of the Board 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 and deciding their remuneration;
- d. supervising the activity of the managers mentioned in letter c);
- e. preparing the annual report, organising the general meeting of the 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 the shareholders.

**B. The consultative committees**

- (5) The nomination and remuneration committee and the audit and risk committee are established within the Board. The Board may establish other committees, according to the law.
- (6) Inter alia, the nomination and remuneration committee: (i) drafts and submits for the Board's approval the profile and the selection procedure regarding candidates for directors, managers, as well as for other management positions, (ii) assesses the compliance of the candidates for the position of directors with the Company's profile, including with the independency and eligibility criteria, (iii) proposes and recommends candidates for the foregoing listed positions to the general meeting of the shareholders (in case of Board members) and to the Board (in case of managers), and (iv) makes proposals regarding the remuneration of directors, managers and other management positions.
- (7) The audit and risk committee has, *inter alia*, the following duties: (i) to monitor the financial reporting process; (ii) to monitor the efficiency of the internal audit and control or, 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.
- (8) The audit and risk committee must review all the documents and the operations provided by article 14 paragraph (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.
- (9) If the audit and risk committee unanimously decides over the recommendation related to the aspects mentioned in paragraph (8) and the Board, in the documents provided to the general meeting of the shareholders, takes a decision contrary to the recommendation of the audit

and risk committee, the decision of the Board shall contain a detailed description of the reason why a contrary decision was taken.

- (10) The consultative committees comprise at least 3 (three) Board members. The majority of the members of the audit and risk committee and the nomination and remuneration committee must be represented by independent directors. In addition, at least one member of the audit and risk committee must hold relevant experience in accounting and/or financial audit.
- (11) The decisions of the committees shall be taken with the majority of their members.
- (12) The committees submit reports regarding their activity to the Board regularly or upon request.
- (13) The consultative committees function in accordance with the organisation and functioning regulation of the relevant committee, approved by the Board, and with these Articles of Association.

#### **C. The Managers of the Company**

- (14) The duties of the managers of the Company are established by the agreements under which the managers are performing their duties within the Company, the internal organisation and functioning regulation of the Company and by the legal provisions in force.
- (15) 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.
- (16) The managers may sub-delegate their responsibilities, for specific acts, through the General Manager's and the manager's joint decision, subject to the prior approval of the Board.
- (17) The organisation of the managers' activity is decided by the Board and is regulated by the organisation and functioning regulation of the Company.
- (18) The managers shall inform the Board in connection to all the irregularities found when carrying out their duties.
- (19) In the absence of the prior approval of the Board, the managers may not be managers, directors, internal auditors or partners with unlimited liability, or any other equivalent position, 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.

- (20) 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. They may be revoked by the Board at any time.
- (21) The managers shall be registered with the Trade Register based on the decision of the Board, which shall be published in the Official Gazette.
- (22) 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 the shareholders, according to the legal provisions.

**D. The General Manager**

- (23) The duties of the General Manager are established by the agreements under which the General Manager is performing his/her duties within the Company, the internal regulations of the Company and according to the legal provisions in force.
- (24) For the fulfilment of his/her mandate, the General Manager may be held liable in accordance with the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, as well as with the provisions of the Romanian Civil Code regarding the mandate agreement.
- (25) The General Manager will carry out his/her duties with the prudence and diligence of a good manager, with loyalty and in the best interest of the Company. The General Manager is not allowed to disclose any confidential information.
- (26) The General Manager shall have mainly the following duties:
  - a. represents the Company towards third parties; the General Manager may sub-delegate the representation and decision rights, for specific acts, by his/her decision, subject to the prior approval of the Board; however, in case of article 20 paragraph (2) of these Articles of Association, the General Manager may sub-delegate his/her representation powers without the prior approval of the Board;
  - b. applies the strategy and the development policies of the Company, as established by the Board;
  - c. notifies the Board about all irregularities identified during the fulfilment of his/her duties;
  - d. 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, and coordinates and supervises the activity of all managers of the Company;
  - e. negotiates, in accordance with the law, the individual labour agreement of the Company's personnel;
  - f. concludes legal acts in the name and on behalf of the Company, within the limits of



- the empowerments granted by the Board;
- g. submits for prior approval of the Board any transaction with the members of the Board, or with the 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, in order to examine if the transaction is in line with the same type of transactions that are carried out on the relevant market;
  - h. fulfils any operations and/or projects which the Board or the general meeting of the shareholders delegated to the General Manager.
  - i. at least once every 3 (three) months, drafts and provides to the Board a written report related to the Company's management (and also related to the fulfilment of his/her 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). Upon the request of a Board member, the General Manager shall provide the relevant information related to the management of the Company.

## **CHAPTER 6 THE SUBSIDIARIES OF THE COMPANY**

### **Art. 20 Competencies**

- (1) As regards the Company's casting its vote in the subsidiaries' general meetings of shareholders (both ordinary and extraordinary), the following bodies of the Company will be competent to decide:
  - A. The extraordinary general meeting of the shareholders of the Company with respect to the following:
    - a. withdrawing of the preference right of the shareholders to subscribe for shares newly issued by the subsidiaries;
    - b. 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;
    - c. changing the subsidiaries' legal form;
    - d. changing the subsidiaries' main business object;
    - e. share assignments;
    - f. merger, spin-off;
    - g. dissolving the subsidiaries;
    - h. carrying out any issuance of bonds or changing the category of bonds into another category or into shares; and

- i. 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. The Board with respect to all the other decisions that need to be taken in the subsidiaries' general meeting of the shareholders and which have not been mentioned as pertaining to the extraordinary general meeting of the shareholders of the Company in paragraph A. above, including, but without limitation 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. increasing the share capital, as well as decreasing or replenishing the share capital by issuing new shares, according to the law;
  - d. approving the distribution of the subsidiaries' profit as stipulated by the law and establishing the dividends;
  - 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 subsidiaries' general indebtedness limits;
  - g. approving the subsidiaries' annual financial plan with respect to investments (individual CAPEX plan for each subsidiary), with the observance of the decision of the extraordinary general meeting of the shareholders of the Company regarding the annual consolidated investment plan at a group level (consolidated CAPEX plan);
  - h. 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; save for the projects mentioned above whose approval breaches the legal provisions regarding the separation of the distribution activities from other activities not related to distribution (i.e. unbundling) according to which, among others, the mother-company cannot give any instructions regarding the distribution activity, as case, and/or take any individual decisions with respect to building or rehabilitation of distribution energetic capacities, as case;
  - i. appointing and revoking the members of the board of directors of each subsidiary and establishing the remuneration to which such directors are entitled, the general limits of additional remunerations of directors and managers, the level of the professional liability insurance for the directors and other rights according to the law;
  - j. deciding upon the management carried out by the subsidiaries' directors, assessing their performance and discharging them of liability, according to the

- law;
- k. deciding 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;
  - l. deciding upon mortgaging or leasing or dissolving some units of the subsidiaries;
  - m. approving the proposals regarding the global development strategy of subsidiaries, including by revamping, modernizing and economic and financial restructuring of the subsidiaries when according to the articles of association such duty falls in the care of the general meeting of shareholder of the respective subsidiary;
  - n. approving any amendment of the articles of association, which is not in the competency of the extraordinary general meeting of the shareholders of the Company as provided under article 20 letter A) above.
- (2) The Company will be represented at the subsidiaries' general meetings of shareholders (both ordinary and extraordinary) by the General Manager or by any other person expressly appointed in this respect by the General Manager. By way of exception from article 19 letter D) paragraph (26) of these Articles of Association, the General Manager may delegate the representation powers for the subsidiaries' general meetings of shareholders without the prior approval of the Board. In all cases, the legal or conventional representative of the Company at the subsidiaries' general meetings of shareholders will vote in accordance with the decision adopted by the Company's competent body as per the article 20 paragraph (1) of these Articles of Association.

## **CHAPTER 7 REGISTRIES**

### **Art. 21 Registries of the Company**

The Company shall maintain, by the care of the Board and of the internal auditors, all the registers provided by the law.

## **CHAPTER 8 FINANCIAL AND ACCOUNTING ACTIVITY**

### **Art. 22 Financial audit, internal audit**

- (1) The Board shall propose to the general meeting of the shareholders the nomination of the financial auditor on the basis of the recommendation of the audit and risk 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 the Company, the balance sheet and income statement, submitting a written report to the general meeting of the shareholders;
  - c. to report if 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 if the accounting records were kept in compliance with the legal regulations in force;
  - d. to check the correctness of the 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) An internal audit department will be established within the Company. The internal audit department is responsible for overall business objective examination of the Company in order to provide an independent assessment of risk management, control and management of its processes.
- (4) The internal audit department will be independent of the Company’s management, and internal auditors shall be objective in the conduct of their activity.
- (5) The duties of the internal auditors are provided by the internal regulations of the Company.
- (6) The financial auditor shall report to the audit and risk committee and to the Board (through the Chairman) 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.
- (7) The duties, rights and obligations of external financial auditors and internal auditors shall be supplemented by the applicable legal provisions.

### **Art. 23 Financing of own activity**

In order to carry out its business object and according to the duties assigned, the Company uses the financing sources provided by law, bank loans and other financial sources.

### **Art. 24 Financial period**

The financial year starts on January 1<sup>st</sup> and ends on December 31<sup>st</sup> each year.

### **Art. 25 Depreciation of fixed assets**

The depreciation of the Company’s tangible and intangible assets shall be calculated according to the manner decided by the Board, with the observance of the applicable legal provisions.

#### **Art. 26 Accounting records and balance sheet**

- (1) The Company 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 the Official Gazette according to the legal provisions.

#### **Art. 27 Profit calculation and distribution**

- (1) The profit of the Company is decided based on the balance sheet approved by the general meeting of the shareholders. The taxable profit is decided according to the law.
- (2) The profit of the Company after the payment of income tax shall be distributed according to the decision of the general meeting of the shareholders and the legal provisions in force.
- (3) Out of the profit of the Company after the payment of the profit tax, the Company establishes 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 the shareholders or in other way, according to the law.
- (4) The dividends due to shareholders are paid by the Company, according to the law, after the financial statements are approved by the general meeting of the shareholders, in accordance with the dividend policy of the Company.
- (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 the 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 the shareholders which approved the distribution of such dividends.
- (6) In case of losses, the Board shall present before the general meeting of the shareholders the reasons and shall propose measures to remedy the situation.

### **CHAPTER 9 PERSONNEL**

#### **Art. 28 Competencies**

- (1) The management and executive personnel of the Company, except for the managers, 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, MERGER, SPIN-OFF, DISSOLUTION AND LIQUIDATION**

### **Art. 29 Partnerships**

- (1) The Company may set-up, alone or together with other Romanian or foreign individuals or legal entities, other companies or other entities, according to the law and these Articles of Association.
- (2) The Company may conclude partnership agreements with other individuals or legal entities without setting-up new entities, if the partnership is needed for carrying out its business object.
- (3) The terms for the Company'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 the shareholders.

### **Art. 30 Changing the legal form**

The legal form of the Company 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. 31 Merger, spin-off, dissolution and liquidation**

- (1) The merger, spin-off and dissolution of the Company shall be made in compliance with the legal provisions and the applicable procedures, including the terms of these Articles of Association.

#### **A. Merger and spin-off**

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

## **B. Dissolution**

- (4) 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 the shareholders;
  - d. decrease 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 the 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 these Articles of Association.
- (5) The decision to dissolve the Company must be registered in the Trade Register and published in the Official Gazette.

## **C. Liquidation**

- (6) The dissolution of the Company shall entail the commencement of the liquidation procedure.
- (7) The liquidation of the Company and the distribution of its patrimony shall be carried out according to the law and in compliance with the legal procedures.

## **CHAPTER 11 FINAL PROVISIONS**

### **Art. 32 Governing Law**

The provisions of these Articles of Association shall be supplemented by the provisions of the Companies Law no. 31/1990, republished, as subsequently amended and supplemented, of the Capital Markets Law no. 297/2004, as subsequently amended and supplemented, and of Law no. 287/2009 on the Civil Code as republished, and the other legal provisions in force.

Signed in [5 (five)] counterparts.

PRESIDENT OF THE BOARD

**ANNEX No. 1 to the Articles of Association of Electrica**  
**Limitation of duties of the General Meeting of the Shareholders and the Board of Directors**  
**relating to agreements and operations at the level of the Company**

No.	AGREEMENTS, LOANS AND OPERATIONS		APPROVING DUTY	
	Type of agreement / operation	Value of the agreement / operation (inclusive of VAT)	BOARD OF DIRECTORS	GENERAL MEETING OF SHAREHOLDERS
1.	<b>Bank loans</b> from the internal and foreign markets, business loans	Below EUR 50,000,000	Approves	Is informed
		Over EUR 50,000,000	Endorses	Approves
	a. for working capital, irrespective of their duration, and also granting the <b>guarantees</b> related to such loans	Below EUR 50,000,000	Approves	Is informed
		Over EUR 50,000,000	Endorses	Approves
b. For <b>investment loans</b> , irrespective of their duration and creating the related <b>guarantees</b>	Below EUR 50,000,000	Approves	Is informed	
	Over EUR 50,000,000	Endorses	Approves	
2.	<b>Investments</b>	Below EUR 30,000,000 for each project	Approves	Is informed
		Over EUR 30,000,000 for each project	Endorses	Approves
3.	Donations	Below EUR 50,000 for each donation until a cumulative maximum value of EUR 1,000,000 per year.	Approves	Is informed
		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.	Endorses	Approves