



Avizat/ Endorsed
 CEO
 Corina Popescu

NOTA/NOTE

AUTOR/ AUTHOR	Numar/ Number	9900/8708/13.09.2019		
	Entitate/ Entity			
1.Referitor la/ Referring to	Principalele elemente ale Strategiei Grupului Electrica pentru perioada 2019-2023 Key elements of the 2019-2023 Electrica Group Strategy			
2. Pentru/ For		Informare/ Information	Avizare/ Endorsement	Aprobare/ Approval
	CA/BoD			X
	AGA/OGMS	X		
3. Hotararea propusa	3. Proposed resolution draft			
Consiliul de Administratie aproba, in vederea transmiterii spre informare catre Adunarea Generala a Actionarilor, principalele elemente ale Strategiei Grupului Electrica pentru perioada 2019-2023	The Board of Directors approves the main elements of the 2019-2023 Electrica Group Strategy, in order to submit them to the General Meeting of Shareholders, for information purposes.			
Adunarea Generala a Actionarilor ia act de informarea privind principalele elemente ale Strategiei Grupului Electrica pentru perioada 2019-2023	The General Meeting of Shareholders takes note of the information regarding the key elements of the 2019-2023 Electrica Group Strategy			
4. Baza legala: Art. 19(1) a) din Statutul ELSA Art. 3 (i) din Regulamentul CA Art. 3(2) (i) din Regulamentul CSGC	4. Legal background Art. 19(1) a) of ELSA AoA Art. 3 (i) of BoD Charter Art. 3(2) (i) of SCGC Charter			
5. Continut	5. Content			
5.1 Context Grupul Electrica este un jucator important pe piata de energie din Romania, cu o traditie de peste 120 de ani, fiind o prezenta constanta in top 10 cele mai valoroase branduri romanesti. Electrica este cel mai important operator national de retele de distributie, dar si furnizorul de electricitate cu cel mai mare numar de clienti.	5.1 Context Electrica Group is an important player on the Romanian energy market, with a tradition of over 120 years, being a constant presence in the top 10 most valuable Romanian brands. Electrica is the most important national operator of distribution networks, but also the electricity supplier with the largest number of customers.			
Dintre principalele grupuri care activeaza in domeniul distributiei si furnizarii de energie,	Amongst the main groups operating in the field of energy distribution and supply, Electrica is the			

Electrica este singura companie listata la Bursa de Valori Bucuresti si London Stock Exchange. In perioada de dupa listarea din 2014, Grupul s-a concentrat pe adaptarea la provocarile pietei, in special pentru:

- Cresterea calitatii serviciilor oferite clientilor si eficienta energetica, printr-un efort investitional istoric;
- Cresterea performantei Grupului prin optimizari si imbunatatirea proceselor de business;
- Implementarea guvernantei corporative si consolidarea profilului de sustenabilitate.

Astfel, in perioada de dupa listare, veniturile grupului Electrica au avut o evolutie ascendenta, in timp ce investitiile au accelerat semnificativ in perioada 2017 – 2018. Directia dominanta a fost de crestere a investitiilor in vederea imbunatatirii calitatii serviciilor oferite clientilor, ceea ce a condus si la imbunatatirea indicatorilor operationali pentru operatorii de distributie din Grupul Electrica. Mai mult, la nivelul grupului Electrica a avut loc o imbunatatire constanta a productivitatii muncii, ca urmare a masurilor de optimizare luate.

Rezultatele financiare s-au reflectat in valoarea dividendului - in perioada 2015-2018 randamentul a ramas relativ stabil (cel mai stabil randament dintre toate companiile din BET), si la o valoare atractiva. In ultimii cinci ani, Electrica a distribuit catre actionarii sai dividende brute care au cumulat circa 1,3 miliarde RON, reprezentand un castig de 34,3% pentru actionarii care au cumparat actiuni in iunie 2014, in cadrul ofertei publice initiale.

In paralel, multiple initiative au vizat imbunatatirea politicilor de guvernanta corporative, prin transparentizarea si eficientizarea activitatilor si proceselor din cadrul companiei, in vederea asigurarii transmiterii catre investitori a unor informatii corecte, de calitate si diseminate la timp.

In momentul de fata, Grupul Electrica trece printr-un proces de transformare organizationala si imbunatatire a performantelor operationale, in contextul in care piata de energie trece, la randul

only company listed on the Bucharest Stock Exchange and the London Stock Exchange. In the period after the 2014 listing, the Group focused on adapting to the market challenges, especially for:

- Increasing the quality of the services offered to customers and energy efficiency, through a historical investment effort;
- Increasing the Group's performance through optimization and improvement of business processes;
- Corporate governance implementation and sustainability profile consolidation.

Thus, in the period after the listing, Electrica Group's revenues had an upward evolution, while the investments accelerated significantly in 2017 – 2018. The focus was on increasing the investments in order to improve the quality of the services offered to the clients, which led also to the improvement of operational indicators for Electrica Group distribution operators. Moreover, there has been a constant improvement of labour productivity in Electrica Group, as a result of the implemented optimization measures.

The financial results were reflected in the dividend value - between 2015 and 2018, the yield remained relatively stable (the most stable yield among all BET companies), and at an attractive value. Over the last five years, Electrica distributed to its shareholders gross dividends of about 1.3 billion RON, representing a 34.3% gain for the shareholders who bought shares in June 2014, as part of the initial public offer.

At the same time, several initiatives were aimed at improving corporate governance policies by improving transparency and by streamlining the activities and processes within the company, in order to ensure the timely submission of accurate and high quality information.

Currently, Electrica Group undergoes a process of organizational transformation and operational performances improvement, in the context in which the energy market is changing

ei, prin modificari semnificative, cu precadere aduse de perioada a patra de reglementare. Aceste aspecte, impreuna cu multe altele specifice activitatii grupului, au fost luate in considerare in momentul in care s-a inceput creionarea strategiei pentru perioada urmatoare, respectiv pentru orizontul strategic 2019-2023.

5.2. Noua identitate a grupului

Ca un prim pas esential al transformarii, a fost redefinit setul de elemente aferente identitatii companiei – misiune, viziune, valori – astfel:

Misiune

Energie – oriunde, oricand, oricui!
Aducem energia acolo unde oamenii isi materializeaza visurile.

Viziune

Excelenta si robustete in domeniile traditionale, inovatie si flexibilitate in noile abordari.
Promotor pentru electrificare si energie verde.

Valori

- **Incredere** – suntem partenerul pe care te poti baza, acum si in viitor.
- **Competenta** – construim cu pricepere. Suntem mandri de rolul pe care munca noastra ni-l da in societate.
- **Siguranta** – suntem atenti cu siguranta angajatilor nostri, a colaboratorilor si a comunitatilor in care lucram.
- **Sustenabilitate** – solutiile noastre sunt pe termen lung si prietenoase cu mediul si oamenii.

5.3. Obiective si directii strategice

Grupul Electrica ramane in continuare dedicat asigurarii echilibrului intre a genera valoare pentru clientii sai si a maximiza profitul pentru actionari, pastrandu-si ambitia de a deveni un jucator regional in domeniul energiei, in cadrul unei culturi a eticii, integritatii si sustenabilitatii.

Se doreste optimizarea contributiei fiecarei companii la obiectivele financiare ale grupului, printr-un sistem omogen si eficient pentru gestionarea riscului.

De asemenea, se intentioneaza asigurarea implementarii unitare a strategiei, cu proiecte strategice coordonate, axate pe atingerea noilor obiective definite. Guvernanta si relatia cu

significantly, especially because of the fourth regulatory period. These aspects, alongside many others specific to the Group's activity, were taken into account when the next period strategy started to be drafted, respectively for the 2019-2023 strategic horizon.

5.2. The Group's new identity

As a first essential step of the transformation, the set of elements related to the company's identity – mission, vision, values – has been redefined:

Mission

Energy – anywhere, anytime, to anyone!
We bring energy where people make their dreams come true.

Vision

Excellence and stability in traditional fields, innovation and flexibility in new approaches.
Promoter for electrification and green energy.

Values

- **Trust** – we are the partner you can rely on, now and in the future.
- **Competence** – we build with skill. We are proud of the role our work gives us in the society.
- **Safety** – we are careful about the safety of our employees, partners and communities in which we work.
- **Sustainability** – our solutions are long term and friendly to the environment and the people.

5.3 Strategic objectives and directions

Electrica Group remains dedicated to ensuring the balance between generating value for its customers and maximizing profit for shareholders, maintaining its ambition to become a regional player in the energy field, within a culture of ethics, integrity and sustainability.

We want to optimize the contribution of each company to the financial objectives of the group, through a homogeneous and efficient risk management system.

It is also intended to ensure the unitary implementation of the strategy, within coordinated strategic projects, focused on achieving new defined objectives. Governance

investitorii raman in centrul atentiei pentru Grup, dorindu-se imbunatatirea continua si implementarea celor mai bune practici in domeniul guvernantei corporative si al relatiilor cu investitorii.

Pentru perioada 2019-2023, obiectivele cheie ale Grupului se axeaza pe:

- Extinderea in domenii conexe si obtinerea de sinergii cu domeniile in care activam
- Imbunatatirea performantei operationale in vederea cresterii continue a calitatii serviciilor oferite clientilor
- Continuarea investitiilor pentru imbunatatirea fiabilitatii infrastructurii
- Cresterea performantei si consolidarea sustenabilitatii rezultatelor economice

5.4. Arit de interes si perspective

In plus fata de ariile de interes traditionale, respectiv distributia de energie electrica, furnizarea de energie electrica si gaze naturale si serviciile energetice, exista un interes ridicat pentru dezvoltarea de activitati noi, bazate pe tehnologie inovativa, continuand totodata monitorizarea si analiza oportunitatilor de crestere anorganica.

Din punct de vedere al distributiei, pentru perioada urmatoare, vor continua investitiile in vederea modernizarii retelelor (inclusiv avand in vedere automatizari si implementarea de tehnologii smart grid si smart metering), pentru imbunatatirea calitatii serviciilor. Calitatea serviciilor este monitorizata de autoritatea de reglementare, pe baza unor indicatori specifici definiti in standardele de performanta. Eficienta operationala ramane in centrul atentiei, cu precadere in contextul perioadei a patra de reglementare, pentru a permite, in final, corelat cu investitiile, optimizarea contributiei financiare a companiilor de distributie din Grup.

In aria de furnizare, Grupul isi mentine si doreste sa isi intareasca pozitionarea ca furnizor dual de energie electrica si gaze naturale. In plus, managementul riscului se extinde si in zona de achizitie energie, in vederea optimizarii pozitiei in piata.

and investor relations remain priorities for the Group, which will continue to constantly improve and implement best practices in the field of corporate governance and investor relations.

For the 2019-2023 period, the Group's key objectives focus on:

- Expanding into related fields and obtaining synergies within the areas in which we operate
- Improving the operational performance in order to continuously increase the quality of the services offered to clients
- Continuing investments in order to improve infrastructure reliability
- Increasing the performance and strengthening the sustainability of economic results

5.4. Areas of interest and perspectives

In addition to the traditional areas of interest, namely the electricity distribution, electricity supply and natural gas and energy services, there is a high interest for the development of new activities, based on innovative technology, while continuing to monitor and analyze the opportunities for inorganic growth.

From the distribution point of view, for the next period, investments will continue in order to modernize the networks (including considering automation and the implementation of smart grid technologies and smart metering), for the quality of services improvement. The quality of services is monitored by the regulatory authority, based on specific indicators defined in the performance standards. The operational efficiency remains a priority, especially in the fourth regulatory period context, in order to allow, in the end, correlated with investments, the financial contribution optimization amongst the Group's distribution companies.

In the supply area, the Group maintains and wants to strengthen its position as a dual supplier of electricity and natural gas. In addition, risk management also extends to the area of energy acquisition in order to optimize the market position.

Pentru a deveni un furnizor de energie modern, eficient si cu o oferta extinsa de servicii energetice, se intentioneaza extinderea portofoliului de produse si servicii si modernizarea canalelor de vanzare si interactiune cu clientii.

Totodata, pentru extinderea portofoliului de produse si servicii, in vederea acoperirii intregului teritoriu national si dezvoltarea bazei de clienti casnici si non-casnici, se intentioneaza, in primul rand, dezvoltarea competentelor si capabilitatilor aferente.

5.5. Alte aspecte strategice

Etica ramane o prioritate pentru organizatie, ca si cerinta preliminara pentru dezvoltarea sustenabila a grupului Electrica. Pe termen scurt, se intentioneaza obtinerea certificarii ISO 37001 – sistemul de management anti-coruptie, care contribuie la reducerea riscurilor de mita si in acelasi timp asigura existenta unor masuri de protectie a partilor interesate, cat si utilizarea de bune practici internationale. Pe termen mediu, se doreste dezvoltarea unei culturi a eticii in grupul Electrica, prin trecerea de la stadiul reactiv la stadiul de integritate, prin internalizarea standardelor etice si a valorilor organizatiei, intelegerea rolului eticii ca factor potentiator al valorii si asigurarea unui sistem permanent de control intern care implica tot personalul companiei.

Activitatile de CSR raman in continuare foarte importante pentru Grupul Electrica, fiind sustinute multiple domenii cheie, cu sute de proiecte inscrise anual pentru a beneficia de sprijinul Electrica. Astfel, doar in 2018, implicarea financiara a Grupului in CSR a crescut de 2,5 ori fata de anul precedent.

5.6. Concluzii

Strategia Grupului Electrica pentru perioada 2019-2023 potenteaza beneficiile obtinute prin procesele de transformare derulate in companiile de distributie si adreseaza oportunitatile in vederea pregatirii Grupului pentru o crestere sustenabila. O mai buna utilizare si alocare a resurselor in tot Grupul, imbunatatirea performantei operationale si integrarea mentalitatii de orientare catre client,

In order to become a modern and efficient energy supplier with an extensive range of energy services, it is intended to expand the products and services portfolio and to modernize sales and customer interaction channels.

At the same time, in order to expand the products and services portfolio, to cover the entire national territory and to develop the base of household and business customers, it is intended, first of all, to develop the related competences and capabilities.

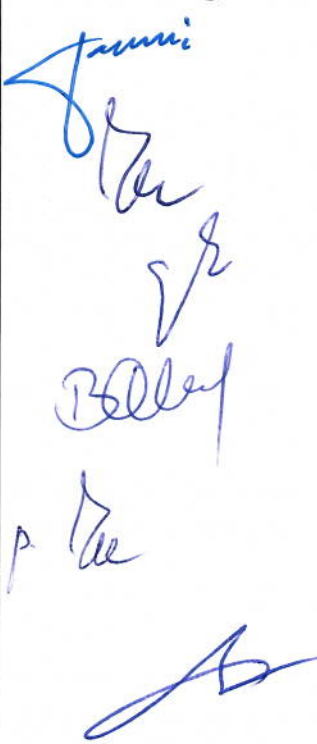
5.5 Other strategic issues

Ethics remains a priority for the organization, as a preliminary requirement for the sustainable development of the Electrica group. In the short term, it is intended to obtain the ISO 37001 certification – the anti-corruption management system, which contributes to reducing the risks of bribery and at the same time ensures the existence of measures for interested parties protection, as well as the use of good international practices. In the medium term, it is desired to develop a culture of ethics in Electrica Group, by moving from the reactive stage to the integrity stage, by internalizing the ethical standards and the values of the organization, understanding the role of ethics as a value enhancing factor and ensuring a permanent internal control system which involves the whole company's personnel.

The CSR activities remain very important for the Electrica Group, with multiple key areas being supported, with hundreds of projects registered annually to benefit from Electrica's support. Thus, in 2018, the financial involvement of the Group in CSR increased 2.5 times compared to the previous year.

5.6 Conclusions

The 2019-2023 Electrica Group Strategy enhances the benefits obtained through the transformation processes carried out in the distribution companies and addresses the opportunities in order to prepare the Group for a sustainable growth. Better use and allocation of resources throughout the Group, improvement of operational performance and integration of

<p>precum si optimizarea modelului de afaceri sunt elementele cheie pentru a asigura o balanta echilibrata intre propunerea de valoare pentru clienti si maximizarea profitului pentru actionari.</p> <p>Elementele sus mentionate sunt detaliate in prezentarea din Anexa 1.</p> <p>5.7. Propunere de hotarare</p> <p>Avand in vedere cele de mai sus, Consiliul de Administratie este rugat sa aprobe, in vederea transmiterii spre informare catre Adunarea Generala a Actionarilor, principalele elemente ale Strategiei Grupului Electrica pentru perioada 2019-2023.</p>	<p>customer-oriented mentality, as well as optimization of the business model are key elements to ensure a balance between value proposal for customers and profit maximization for shareholders.</p> <p>The above elements are detailed in the Annex 1 presentation.</p> <p>5.7. Proposed resolution</p> <p>Considering the above, the Board of Directors is requested to approve the main elements of the 2019-2023 Electrica Group Strategy, in order to submit them to the General Meeting of Shareholders, for information purposes.</p>
<p>6. Avize (dupa caz):</p>	<p>6. Endorsments (as the case may be):</p>
<p>a. Financiar:</p>	<p>a. Financial:</p>
<p>b. Strategie: este aliniat cu Strategia Grupului.</p>	<p>b. Strategy: aligned with the Group Strategy</p>
<p>c. Riscuri/: Riscul de a nu avea delimitate obiectivele strategice si a utiliza resursele in programe/ proiecte care nu sunt in acord cu viziunea companiei</p>	<p>c. Risks: The risk of not having bounded strategic objectives and of using resources in programs/projects that do not align with the company's vision</p>
<p>7. Anexe: -Anexa 1 – Strategia Grupului Electrica 2019-2023 (elemente cheie)</p>	<p>7. Annexes: Annex 1 – 2019-2023 Electrica Group Strategy (key elements)</p>
<p>Avizatori / Endorsements</p> <p><i>Director Executiv Directia Financiar / CFO</i> Mihai DARIE</p> <p><i>Director Executiv Directia Distributie /CDO</i> Livioara SUJDEA</p> <p><i>Director Executiv Directia Vanzari / CMO</i> Catalina POPA</p> <p><i>Director Executiv Directia Resurse Umane / CHRO</i> Bibiana CONSTANTIN</p> <p><i>Director Executiv Directia IT&T / CIO</i> Mircea Toma MODRAN</p> <p><i>Director Executiv Directia Strategie si Fuziuni si Achizitii / CSO</i> Anamaria Dana ACRISTINI-GEORGESCU</p>	<p>Semnatura/ Signature</p> 

<p><i>p Director Divizie Juridic & Managementul Participatiilor / f. Head of Legal&Participation Management Division</i></p>	<p><i>Nu sunt aspecte juridice de rezolvat. C. Elena</i></p>
<p>Autor/ Author</p> <p><i>Director Departament Strategie Generala si Analiza de Piata / Head of General Strategy and Market Analysis Department</i></p> <p>Valeriu IVAN</p>	<p>Semnatura/ Signature</p> 