

***Supporting arguments for the proposal to change the Board of Nominees ("Board / BoN")
fees and termination terms***

The Board of Nominees of Fondul Proprietatea SA ("**FP / Company**") is proposing a number of changes to the remuneration of its members and a change to their terms of termination as follows:

- The current gross remuneration for all members of the Board is RON 24,123 per month and this fee was last increased on 1 January 2018 to reflect increases in Romanian social contributions that Board members needed to pay. Prior to that no change had been made to the remuneration level since 2015 but the average gross salary levels in Romania have recorded an increased trend since that date according to the data published by the National Institute of Statistics. The Board of Nominees firmly believes that the current fee level does not adequately compensate individual Board members or the Chairpersons of the Board and of its two Committees (the Audit and Valuation Committee and the Nomination and Remuneration Committee) for their time involvement in supervising the management of the Company. The role of the Board of Nominees and the scope of its duties and activities exceed the norms and standards of the investment fund management industry. This is particularly the case in relation to the time spent by them in overseeing the ongoing divestment of portfolio companies (particularly in relation to SPEEH Hidroelectrica S.A.) and the return of capital to shareholders, the preparation and release of quarterly accounts of the Company and the requirement for the renewal of the Company's Management Agreement every two years.
- For example, in accordance with the provisions of Article 16 of the Constitutive Act of the Fund adopted by the Extraordinary General Shareholders Meeting Resolution no. 5 of 29 November 2010 and the provisions of Chapter III of the Internal Regulation for organization and functioning of the Board of Nominees approved by the Board of Nominees' Decision no. 2 of 14 October 2010, as subsequently amended, there were ten (10) meetings of the Board of Nominees in 2021.

In addition, during 2021, the members of the Board of Nominees had intensive discussion (meetings/ conference calls) at the request of shareholders of Fondul Proprietatea, with regards the Fund's activity and key terms of the new Management Agreement which was approved during 15 December 2021 General Shareholders Meeting.

Details of the activity of the Board of Nominees can be found in the Board of Nominees Annual Report for the Financial Year ended 31 December 2021 - [https://www.fondulproprietatea.ro/files/live/sites/fondul/files/en/gsm-documentation/2022/20%20April/OGM%201.1.%20\(b\)%20BoN%20Report.pdf](https://www.fondulproprietatea.ro/files/live/sites/fondul/files/en/gsm-documentation/2022/20%20April/OGM%201.1.%20(b)%20BoN%20Report.pdf)

Accordingly, the Board of Nominees is proposing that, with effect from 16 November 2022:

- the gross monthly base remuneration for Board of Nominees members to be increased to RON 26,535.30;
- an additional fixed gross monthly remuneration of fifteen (15) per cent of the gross monthly base remuneration shall be paid to the Chairperson of the Board of Nominees; and
- an additional fixed gross monthly remuneration of ten (10) per cent of the gross monthly base remuneration shall be paid to the Chairperson of the Audit and Valuation Committee and to the Chairperson of the Nomination and Remuneration Committee, respectively.

If such increases are approved by Shareholders, the remuneration of the Board of Nominees which comprises five members would increase 17.70% from RON 1,447,380.00 to RON 1,703,566.10 in a full financial year.

The mandate terms of each member of the Board currently require either them or the Company to give fifteen (15) working days advance notice to terminate their three-year term of office. The Board of Nominees believe that this notice period is too short to enable it to manage changes of members efficiently given the long lead time required to call a Shareholders General Meeting in order to seek nominations from Shareholders and vote on replacement of Board members and they are therefore proposing to extend the termination notice period to three (3) months with effect from the date of this Ordinary General Shareholders Meeting for the five current Board members and to introduce this change into the terms of all future appointment terms of Board members.

Ilinca von Derenthall

Chairperson of the Board of Nominees