

Letterhead of the GENERAL SECRETARIAT OF THE GOVERNMENT

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SNTGN TRANSGAZ SA  
ENTRY NO. 34775 DATED 11.05.2023

To: **THE NATIONAL GAS TRANSMISSION COMPANY "TRANSGAZ" S.A. MEDIAS**

Attn: **Mr. Ion STERIAN, Director-General**

CC: **The Nomination and Remuneration Committee of SNTGN TRANSGAZ SA**

*Dear Director General,*

In the context of the selection procedure related to the positions as members in the Board of Administration of the National Gas Transmission Company Transgaz SA, **we would like to inform you that the General Secretariat of the Government published the Draft Initial Component of the related Selection Plan on the institution's website.** The mentioned document can be accessed at [www.sgg.gov.ro](http://www.sgg.gov.ro), under the heading Public Interest - Corporate Governance section, subsection - Public Enterprises, chapter - information related to S.N.T.G.N. Transgaz S.A.

In relation with the provisions of Article 5 para. (3) of Annex no. 1 to G.D. no. 722/2016 on the approval of the Methodological Norms for the application of provisions of GEO no. 109/2011 on corporate governance of public companies, approved as amended by Law no. 111/2016, as amended, **the finalization of the initial component** is based on consultations with the Nomination and Remuneration Committee and the Company's shareholders.

To this effect, please arrange that **the potential proposals formulated by the Nomination and Remuneration Committee of SNTGN TRANSGAZ SA** are submitted to the email address: [guvernanta.sgg@gov.ro](mailto:guvernanta.sgg@gov.ro) until **16.05.2023**.

**Yours sincerely,**

**For the GENERAL SECRETARIAT OF THE GOVERNMENT**

**Alexandru-Cristian VASILESCU**

*Stamp and illegible signature*

**DRAFT**

**INITIAL COMPONENT OF THE PLAN FOR THE SELECTION OF THE POSITIONS OF MEMBERS OF THE BOARD OF ADMINISTRATION OF THE NATIONAL GAS TRANSMISSION COMPANY  
TRANSGAZ S.A.**

**I. BACKGROUND**

**S.N.T.G.N. Transgaz S.A.** established based on the Government Decision no. 334/28 April 2000 following the restructuring of the National Gas Company ROMGAZ S.A., is a Romanian legal entity with the legal form of a joint-stock company and carries out its business in accordance with Romanian law and the updated articles of incorporation.

S.N.T.G.N. Transgaz S.A. is the technical operator of the National Gas Transmission System (NTS) that ensures the fulfilment under conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the national strategy for the internal and international transmission of natural gas, dispatching as well as research and design in the field, in compliance with the requirements of the European and national legislation, quality, performance, environmental and sustainable development standards.

The mission of S.N.T.G.N. aims at:

- safe and economically efficient operation of the NTS;
- rehabilitation, upgrading and development of the NTS in the main consumption directions;
- interconnection of the NTS with the natural gas transmission systems of neighbouring countries;
- development of new natural gas transmission infrastructure to Western Europe;
- ensuring non-discriminatory NTS access;
- implementation of participative management in all areas of the company's business;
- development of organisational culture and professional performance;
- implementation of gas sector regulations;
- improvement of the informatization of the natural gas transmission activity, preparation of draft regulatory acts and actions for their support;
- integrating principles of good corporate governance into business practice.

Pursuant to the provisions of GEO no. 1/04.01.2017 for the establishment of measures in the field of central public administration and for the amendment of normative acts, the Ministry of Economy was established, through the reorganization of the Ministry of Economy, Trade and Relations with the Business Environment.

Thus, on 02.03.2017 the change of the identification data of the account holder, the Romanian State through the Ministry of Economy, Trade and Business Environment Relations, to the Romanian State, through the Ministry of Economy, was registered with the Depozitarul Central S.A.

As of November 14, 2019, the exercise of rights and the fulfilment of obligations arising from the capacity as shareholder of the Romanian State in the National Gas Transmission Company Transgaz S.A. is carried out by the Romanian State through the General Secretariat of the Government, as a result of the transfer of shares from the account of the Romanian State through the Ministry of Economy, pursuant to GEO no. 68/06.11.2019 on the establishment of measures at the level of the central public administration and for the amendment of normative acts.

According to the registration with Depozitarul Central, as at 29.12.2022, Transgaz' shareholding structure was as follows:

Shareholders name	No. of shares	Percentage %
The Romanian State through the General Secretariat of the Government	6.888.840	58,5097
Free float – other shareholders (natural and legal entities), of which	4.885.004	41,4903
Legal entities	3.674.001	31,2048
Natural entities	1.211.003	10,2855
<b>Total</b>	<b>11.773.844</b>	<b>100,0000</b>

## II. PURPOSE AND SCOPE OF THE SELECTION PLAN - INITIAL COMPONENT

According to **G.D. no. 722/2016**, The selection plan is the "*working document which sets out the schedule for the selection procedure starting with the date of the initiation of the selection procedure until the date of the appointment of the persons designated for the positions of administrator and is structured on two components: the initial component, which shall be drawn up within ten days from the date of the start of the procedure; and the full component, which shall be drawn up after the establishment of the selection committee, the selection of the independent expert or the start of the selection procedure by the nomination and remuneration committee of the Board, as appropriate.*"

**The initial component** of the selection plan, as defined in art. 1 point 8 of Annex no. 1 to GD no. 722/2016 and represents "*the working document to be drawn up at the beginning of the selection period and includes, but is not limited to, the key aspects of the selection procedure, identifying the starting date of the selection procedure, the documents to be submitted, the requirements regarding the independent expert, in case the decision to contract such expert is made, the date of finalization of the selection plan in its entirety and other elements that may be known until the appointment of the administrators*".

This initial component of the selection plan is prepared for the purpose of **recruiting and selecting 2 (two) members of Transgaz' Board of Administration in compliance with the provisions of GEO no. 109/2011 and of GD no. 722/2016.**

**The initial component** is designed to provide the basis for the full component of the selection plan. On the basis of the initial component of the selection plan, reference terms are proposed to the independent expert.

**The full component** of the selection plan will be carried out by the recruited independent expert.

## III. PRINCIPLES

The drafting of the initial component of the selection plan was carried out carefully, in order to determine all the key aspects of the selection procedure, in accordance with the provisions of GEO no. 109/2011 and GD no. 722/2016.

The selection plan shall be drawn up in such a way that the recruitment and selection procedure is carried out in compliance with the right to free competition, fairness and equal opportunities, non-discrimination, transparency, equal treatment and accountability.

## IV. DEADLINES OF THE SELECTION PROCEDURE

**The starting date of the selection procedure, as provided for in Article 3, letter c) in conjunction with the provisions of Art. 4 para. (3) of Annex no. 1 to G.D no. 722/2016** is the date on which the General Meeting of Shareholders, convened at the request of the state shareholder, decided to initiate the selection procedure for the members of the Board of Administration.

Thus, by **Resolution no. 2/22.04.2021**, The Ordinary General Meeting of Shareholders (GMS) approved the initiation of the selection procedure for 2 (two) members of the Board of Administration of S.N.T.G.N. Transgaz S.A., with the application of the provisions of art. 29 para. (3) of G.E.O no. 109/2011.

#### **V. CONTRACTING THE INDEPENDENT EXPERT**

Considering that S.N.T.G.N. Transgaz S.A. meets the two cumulative conditions provided for in **art. 29 para. (5) of G.E.O no. 109/2011**, namely it has registered a turnover in the last financial year\* higher than the equivalent in RON of the amount of 7.300.000 euro and has at least 50 employees, it is mandatory to have the members of the Board of Administration selected by an independent expert, natural or legal person specialized in human resources recruitment.

According to the provisions of **Article 8 para. (2) of Annex no. 1 to G.D. no. 722/2016**, the terms of reference for the independent expert are proposed on the basis of the initiated component of the selection plan by the Public Guardian Authority.

The Public Guardian Authority may ask the independent expert for an advisory opinion on the profile of the Board of Administration.

According to the provisions of art. **10 of Annex no. 1 to H.G. no. 722/2016**, the contracting of the services of the independent expert specialized in human resources recruitment shall be carried out in accordance with the legal provisions in force and considering the criteria listed below, but not limited to them:

- portfolio of clients in the last 3 years for the selection of administrators or directors in public or private companies;
- total value of recruitment contracts in the last 3 years for the selection of administrators and directors;
- the composition of the project team with reference to the number of experts that can be allocated to the project and their expertise in recruitment procedures for administrators;
- the degree of expertise of the independent legal expert regarding the recruitment of administrators/directors in the sector of activity of the public enterprise;
- project management and coordination skills of the expert;
- experience in profile development for the Board, based on customized integration of business, organizational, leadership and governance strategy needs;
- the percentage of recommended and subsequently selected candidates who have retained this status for more than one year in the last 3 years;
- form of registration - the company must be legally established and not be in any of the situations of cancellation of incorporation and have the professional capacity and certification to carry out the activities that are the object of the procurement;
- general experience - the company must demonstrate that in the last 3 years it has provided similar services to recruit candidates for management positions in public or private sector companies, resulting in the filling of those positions;
- specific experience - the operator must demonstrate that it has provided similar recruitment and personnel placement services, in management positions, in companies in the sector of activity of S.N.T.G.N. Transgaz S.A. Specific experience - the operator must demonstrate experience in conducting studies on key performance indicators;
- existence of a quality certificate in the provision of services (ISO 9001).

#### **VI. THE PROFILE OF THE BOARD OF ADMINISTRATION**

**The Profile of the Board of Administration** represents an identification of the capabilities, traits and requirements that the Board must collectively possess, taking into account the organizational context, the mission and expectations of the shareholders expressed in the Letter of Expectations and the elements of organizational strategy that exist or need to be developed.

**The profile also contains the matrix of the Board of Administration**, which gives an

expression to these capacities that the board must possess collectively, through a set of competences, skills, other qualifying conditions that must be fulfilled individually and collectively by the board members.

**The draft Board profile is prepared by the Nomination and Remuneration Committee** of the Board of Administration of S.N.T.G.N. Transgaz S.A., in consultation with the independent expert, if any, and with the Public Supervisory Authority.

**The final form of the profile of the Board of Administration of S.N.T.G.N. Transgaz S.A. shall be approved by the General Meeting of Shareholders after having been approved by the Board of Administration on the recommendation of the Nomination and Remuneration Committee**, or, as the case may be, by the Public Supervisory Authority.

## **VII. CANDIDATE PROFILE**

**The candidate profile for the position of member of the Board of Administration of S.N.T.G.N. Transgaz S.A.** represents the description of the role that the candidate must fulfil, based on the specific contextual requirements of the role, as well as the technical competences and behavioural attributes, experience and specificity that the candidate must demonstrate, in accordance with the mission, objectives and targets of the public enterprise, as well as its development plan. When drawing up the profile, mention is made, on the one hand, of the compulsory criteria and levels of qualification, and on the other hand, of the optional criteria and levels of qualification, both at individual level and at the collective level of the whole board, in the form of minimum competence thresholds.

**The candidate profile** consists of two components:

- a) description of its role, derived from the contextual requirements of the public enterprise;
- b) definition of a specific combination for each candidate, consisting of a set of criteria derived from the council profile matrix.

**The profile of the candidate for the position of member of the Board of Administration of S.N.T.G.N. Transgaz S.A. shall be approved by the General Meeting of Shareholders after having been endorsed by the Board of Administration on the recommendation of the Nomination and Remuneration Committee** or, as the case may be, by the Public Supervisory Authority.

## **VIII. ROLES AND RESPONSIBILITIES**

This section defines the main duties of the parties involved in the selection process for the two (2) positions of members of the Board of Administration of S.N.T.G.N. Transgaz S.A., for the purpose of a good management of the selection process.

➤ **The Public Supervisory Authority has the following competences:**

- convenes the General Meeting of Shareholders to decide to initiate the selection procedure for the members of the Board of Administration;
- applies, in consultation with shareholders holding more than 5% of the share capital, the Letter of Expectations published on its website on 10.05.2021;
- collaborates with the other shareholders of S.N.T.G.N. Transgaz S.A. and with the NRC within the Board of Administration to finalize the initial and integrated component of the Selection Plan;
- approves the terms of reference for the proposed independent expert based on the initial component of the selection plan;
- finalizes the final version of the personalized profile of the Board of Administration with the consultation of the shareholders holding more than 5% of the share capital of S.N.T.G.N. Transgaz S.A.;
- informs the candidates on the short list, through the selection committee, that within 15 days from the date of issue or establishment of the short list they must submit in writing

to the Public Supervisory Authority the declaration of intent;

- establishes the committee for the selection of candidates for the positions of members of the Board of Administration;
- analyses, through the selection committee, the declaration of intent and integrates the results of the analysis into the candidate profile matrix. The results of the candidate profile matrix are analysed according to the candidate profile matrix;
- draws up, after completion of the interviews, the reports for the final appointments, including the ranking of the candidates and the justification thereof;
- publishes the announcement concerning the selection of the members of the Board of Administration in at least two economic and/or financial newspapers of wide circulation and on the website of the public enterprise.

➤ **The General Meeting of Shareholders has the following competences:**

- decides on the initiation of the selection procedure for the members of the Board of Administration;
- approves the Board's profile after it has been endorsed by the Board of Administration on the recommendation of the NRC (art. 34 letter b) of Annex no. 1 to G.D. no. 722/2016)
- approves the candidate profile after it has been endorsed by the Board of Administration on the recommendation of the NRC (Art. 36 para. (1) of Annex no. 1 to G.D. no. 722/2016);
- appoints the members of the Board of Administration from the short list drawn up in accordance with the provisions of G.E.O. no. 109/2011 and G.D no. 722/2016.

➤ **The Nomination and Remuneration Committee (NRC) of the Board of Administration has the following competences:**

- collaborates in the development, within a maximum of 10 days from the date of the selection procedure, of the initial components of the selection plan, in consultation with the Public Supervisory Authority and with the shareholders representing individually or jointly 5% of the share capital of Transgaz S.N.T.G.N. S.A and formulates proposals for its completion;
- collaborates with the Public Supervisory Authority and/or the independent expert in the preparation of the integrated component of the selection plan;
- develops the draft profile of the Board and collaborates with the Public Supervisory Authority to complete its final version;
- performs and updates the analysis of the contextual requirements that are part of the board profile;
- collaborates on the development of the candidate profile;
- any other duties set out in the Articles of Incorporation or in the legislation applicable to the selection procedure of the members of the Board of Administration according to G.E.O no. 109/2011 and G.D no. 722/2016;
- makes sure that all the information (advertisement, interview plan, procedure schedule) about the stages of the selection procedure is published on the company's website.

➤ **The Selection Committee shall have the following competences:**

The Selection Committee will be established by order of the Secretary General of the Government:

- it shall inform, with the assistance of the independent expert, the short-listed candidates that within 15 days from the date of issue or establishment of the short-list they must submit the relevant declaration of intent;
- analyses the declaration of intent and integrates the results of the analysis into the candidate

profile matrix, with the assistance of the independent expert;

- carries out, with the support of the independent expert, the final evaluation of the short-listed candidates and makes proposals for appointment to the position of member of the Board, based on the final appointment report prepared for this purpose;
- after completion of the interviews, with the support of the independent expert, prepares the report for the final appointments, which includes the reasoned ranking of the candidates, and submits it to the head of the Public Supervisory Authority, with a view to mandating the state representatives in the General Meeting of the Shareholders to propose members of the Board of Administration;
- consults closely with the independent expert, with other bodies involved in the selection procedure, as appropriate;
- any other duties set out in the administrative act of establishment.

➤ **The independent expert has the following competences:**

To appoint candidates for the 2 (two) vacant positions of members of the Board of Administration of S.N.T.G.N. Transgaz S.A., according to the provisions of GEO 109/2011 and GR 722/2016, the independent expert has the following obligations, without limitation:

- develops the Selection Strategy as well as the calendar of the selection procedure;
- collaborates with the Public Supervisory Authority in all the activities required for the selection procedure;
- establishes the criteria for the selection of the members of the Board of Administration taking into account the specificity and complexity of the Company's activity and the requirements of the Letter of Expectations;
- collaborates with the Public Supervisory Authority in the preparation of the profile of the Board of Administration;
- develops the profile of the candidate in collaboration with the Public Supervisory Authority;
- prepares the selection plan, i.e. the integral component of the selection plan, in consultation with the Public Supervisory Authority and CNR, in order to determine all the key aspects of the selection procedure and enter the data in this plan;
- establishes the content of the application file for each position of member of the Board of Administration;
- prepares replies to any requests for clarification between the publication of the notice and the date of submission of the application;
- prepares the notice on the selection of candidates and ensures its publication in at least two widely circulated economic and/or financial newspapers and on the website of the public undertaking. The notice shall include the conditions to be met by candidates and the criteria for their evaluation;
- carries out and coordinates the activities underlying the preparation of the long list. The long list of candidates is the list of all candidates who have sent their complete application file within the deadline set by the rules approved by GR 722/2016;
- verify the information in the application files remaining on the long list;

- determines the score according to the evaluation grid for each criterion of the profile matrix for each candidate, which is done in writing or by verbal clarifications;
- requests additional information to that contained in the application file when deemed necessary to ensure the correctness and accuracy of the decisions taken. Additional information may be obtained through, but is not limited to, one or more direct interviews with candidates, checking candidates' previous work, checking references provided by candidates;
- reviews, improves and validates the accuracy of the results on the basis of the score obtained in the candidate profile matrix;
- carries out comparative analysis by reference to the board profile for candidates remaining on the long list;
- requests additional clarifications or decides to reject candidates if the information in the files is not conclusive as to whether the candidates meet the minimum criteria set for selection;
- informs candidates rejected from the long list of the decisions taken;
- prepares replies to any appeals after publication of the result of the selection procedure;
- establishes a short list of a maximum of 5 candidates for each position by eliminating them from the long list in descending order of the score obtained according to the profile matrix. The short list also contains the score obtained by each candidate;
- evaluates the short-listed candidates for the position concerned, makes recommendations in this respect and makes proposals for their remuneration;
- analyses the declarations of intent in relation to the provisions of Chapter II of Annex 1d to GR 722/2016;
- collaborates in integrating the results of the analysis of the declaration of intent into the matrix of the candidate profile.
- prepares the interview plan in consultation with the Public Supervisory Authority;
- makes the following documents available to the Public Supervisory Authority (selection committee) so that it can organise and conduct its own interviews with candidates on the short list, without being limited to them:
  - ◆ application file;
  - ◆ candidate profile matrix;
  - ◆ the assessment report of each candidate on the Shortlist;
  - ◆ draft interview plan.
- collaborates with the Public Supervisory Authority, after completion of the interviews, in the preparation of the reports for the final appointments, which includes the reasoned ranking of the candidates;
- prepares draft contracts of appointment on request, in accordance with the provisions of the relevant laws;
- recommends the remuneration policy and criteria, in accordance with the provisions of GEO 109/2011;



- assists the Public Supervisory Authority during the guarantee period for the integration of selected candidates and monitors their performance;
- guarantees the filling of the positions for a minimum of 12 months from the date of signature of the mandate contract of the candidates selected and appointed, according to the law, as members of the Supervisory Board of S.N.T.G.N. Transgaz S.A. During the guarantee period, the replacement of the members of the Supervisory Board who have resigned from the mandate is made at the full cost of the expert, if any, in compliance with the procedures stipulated by the applicable law and the provisions of the contract.

## IX. SELECTION PROCEDURE. ACTION PLAN

This section defines the stages of the selection process, deadlines, required documents and parties involved. Dates and deadlines are indicative. The table below summarises these elements:

No.	Action/Stage	Deadline	In charge	Notes/Document
	Initiating the procedure for			OGMS resolution
1.	the selection of the members of the Board of Administration Drafting the initial component of the selection plan and publishing it on the APT website for consultation by the CNR and other stakeholders	22.04.2021	GMS	no. 2/22.04.2021  Project
2.	Drafting the initial component of the selection plan and publishing it on the APT website for consultation by the NRC and other stakeholders Project	11.05.2023		APT Selection plan - Initial component
3.	Formulation of proposals for the initial component	16.05.2023	CNR and shareholders with more than 5% of the share capital	Proposal letters
4.	Finalizing initial component	19.05.2023	APT	Selection plan Initial component
5.	Letter of expectations Published on APT and S.N.T.G.N. Transgaz S.A. websites	10.05.2021	APT	Letter of expectations

6.	Initiation of contracting the services of the independent expert in human resources recruitment	Maximum 5 days from finalizing the initial component	APT	Notes/initiation of the procedure according to the legal provisions applicable to the field
7.	Setting up the selection committee		APT	SGG Order
8.	Drafting the CA profile	7 working days from contracting the services of the independent expert	NRC in collaboration with APT and the independent expert	BA profile draft Matrix Contextual requirements
9.	Making proposals on the draft BA profile	5 working days from the communication of the documents mentioned at the above point	Other shareholders according to the law	Proposal letters

10.	Drafting the BA profile	3 working days From CNR in receiving collaboration the proposals with APT from the point and the above independent expert expert		BA profile
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11.	Drafting the candidate profile	7 working Days from contracting the services of the independent expert	Independent expert CNR and the other shareholders according to the law	Matrix Candidate profile
12.	Approval of the BA profile (including the BA candidate profile)	At least 30 days from the endorsement by BoA	GMS	BoA resolution GMS resolution
13.	Publication of the BA candidates selection notice	3 working days from approval by GMS of the BA profile and Candidate profile	Independent expert and APT	Selection notice
14.	Submission of applications	30 days from publication of the notice	Independent expert and candidates	Candidate file Report of the independent expert
15.	Procedure for the evaluation of candidates	15 days beginning with the first day after the expiration of the deadline for submitting applications		Long list Interview plan Clarifications Evaluation matrix Shot list Declaration of intent Form for analyzing the declaration of intent with the Candidate Profile Matrix
16.	Report for final appointments	5 days from completion (Selection interviews)	APT committee)	Expert reports Report

17. Convening of the GMS for the appointment of the Board members according to the proposals resulting from the selection process	First day following The approval of the Report for The final appointments	APT	GMS convening
18. Appointment of the members of the Board of Administration of S.N.T.G.N. Transgaz S.A. as per the provisions of GEO no. 109/2011	In maximum 150 days from the initiation of the procedure	GMS Resolution Mandate contract	
19. Finalization of the integrated component of the selection plan	Date of signing the mandate contracts by the BoA members appointed according to GEO no. 109/2011	Independent expert in plan collaboration	Inte comp

**X. RULES FOR THE COMPOSITION OF THE SUPERVISORY BOARD**

- At least two of the members of the Board of Administration must have an economic or legal degree and at least 5 years of experience in the economic, legal, accounting, auditing or financial field.
- There may not be more than two members of the Board of Administration from among civil servants or other categories of staff of the Public Authority or other public authorities or institutions.
- The majority of the members of the Board of Administration is made up of non-executive and independent administrators, within the meaning of art. 138<sup>A</sup>2 of the Law no. 31/1990 on companies, republished, with subsequent amendments and additions.
- The Board of Administration will be so appointed as to ensure a diversification of its competencies.
- A member may hold at the same time a maximum of 3 mandates as administrator and/or member of the Board of Administration in companies or public enterprises whose head office is located in Romania.

**XI. FUTURE ACTIONS TO FINALISE THE SELECTION PLAN**

In order to finalize the Selection Plan, the selected independent expert, in collaboration with the APT and CNR will undertake the necessary activities to comply with the provisions of **GEO no. 109/2011** and **GD no. 722/2016**.

In this regard, the independent expert will prepare, but not be limited to, the following documents required in the recruitment and selection process:

- the profile of the candidate for the position of member of the Board;
- selection notices, for print and online press, if applicable;
- materials relating to the declaration of intent;
- summary sheets for each phase of the selection plan;
- interview plan;

- nomination forms for proposed candidates;
- nomination recommendations;
- draft mandate contract, if applicable;
- confidentiality forms;
- forms of declarations to be completed by candidates;
- list of confidential and publicly available items;
- detailed list of documents required for the submission of applications by natural and legal persons, depending on the stages of the selection procedure;
- the list of elements for the verification of short-listed candidates.

## **XII. CONTACT INFORMATION**

Entity	Contact information
General Secretariat of the Government	guvernanta.sg@gov.ro
Shareholder holding more than 5%	
SNTGN Transgaz SA	
Independent expert	cabinet@transgaz.ro
	After contracting

**The dates and deadlines mentioned in this Selection Plan - Initial Component are indicative and will be finalized at the date of finalization of the Selection Plan - Full Component.**