



**SOCIETATEA NAȚIONALĂ DE TRANSPORT
GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**
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Under analysis and approval in the General Ordinary Shareholders' Meeting dated 17.12.2018

Report

On the approval of the Rules of procedure and organization of TRANSGAZ' Board of Administration

SUMMARY

Considering:

- Law 111 of 27 may 2016 for the approval of the Government Emergency Ordinance no 109/2011 on the corporate governance of public enterprises as subsequently amended and supplemented
- Transgaz' Articles of Incorporation updated on 12.12.2017

the update of the provisions of the Rules of procedure and organization of the Board of administration was required. These Rules of procedure proposed for approval include the provisions related to the organization, operation, structure, operating procedure (convening, preparation of the meetings, their organization) members' liabilities and responsibilities.

PROPOSAL

The approval of the Rules of procedure and organization of the Board of Administration by TRANSGAZ' General Shareholders' Ordinary Meeting, based on the provisions of Chapter IV, art. 15, point 3, letter j of TRANSGAZ' Articles of Incorporation updated, as proposed.

The Board of Administration of the National Gas Transmission Company TRANSGAZ SA operates based on the provision of GEO no. 109/2011 on the corporate governance of public enterprises, as amended, the companies' Law no. 31/1990, republished as amended from time to time, TRANSGAZ' Articles of Incorporation as approved, the corporate governance code of the Bucharest stock exchange and these Rules of procedure and organization.

In the Official Gazette no 415 of 1 June 2016 the Law 111 of 27 May 2016 was published for the approval of the Government Emergency Ordinance no 109 of 2011 on the corporate governance of public enterprises entered into force on 4 June 2016.

According to art 142 of companies' Law no. 31/1990, republished as amended from time to time, the Board of Administration has to execute every necessary act for the performance of the company's activities, except for the ones under the competence of the General Shareholders' meeting, according to the law.

TRANSGAZ is managed by a Board of Administration comprising 5 members, most of the members of the Board of Administration are independent and non-executive administrators being chaired by a Chairman.

The Board of Administration delegated the management of the company to a Director General who is also an administrator, thus becoming an executive administrator.

Each of the administrators signed a mandate contract with TRANSGAZ for four years, which comprises, among other provisions, their remuneration and the rights and obligations of the administrator (authorized person).

According to the applicable legal provisions five advisory committees were constituted within the Board of Administration as follows:

1. The Nomination and Remuneration Committee;
2. The Audit and Rating Committee;
3. The NTS Safety and Security Committee;
4. Development and Strategy Committee;
5. The Regulation and Public Authorities Relations Committee.

These advisory committees operate according to an Internal Regulation.

According to the provisions of TRANSGAZ' Articles of Incorporation, the Board of Administration operates based on the Rules of procedure and organization and on the applicable legal regulations.

By the publication of Law 111 of 27 may 2016 in the Official Gazette on 1 June 2016 to be enforced as of 4 June 2016 several amendments were made with respect to the organization, compentence and responsibilities of the Board of Administration and of the Advisory Committees, which lead to the amendment of the Rules of procedure and organization of the Board of administration.

Annexes: The Rules of procedure and organization submitted for approval.

Chairman of the meeting