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REPORT

On the approval of the DIVIDEND POLICY OF SNTGN TRANSGAZ SA

SUMMARY

Transgaz, as the technical operator of the National Natural Gas Transmission System and a company listed on the Bucharest Stock Exchange, has a responsibility to ensure a balance between providing attractive returns for investors, the long-term financial sustainability of the company, and respecting the interests of the majority shareholder – the Romanian State, through the General Secretariat of the Government – and ensuring fair treatment for all minority shareholders, in accordance with the principle of equal treatment and corporate governance standards.

SNTGN Transgaz SA's dividend policy is based on a set of general principles that reflect the company's responsibility towards its shareholders, the Romanian State, and all other stakeholders. These principles guide the decision-making process regarding profit distribution and are aligned with modern corporate governance standards.

This policy aims to maintain a sustainable balance between shareholders' justified expectations regarding the distribution of a portion of the profits generated, the need to secure financial resources to support strategic projects that are vital for the operation and expansion of the National Natural Gas Transmission System, and the maintenance of financial stability and sustainable long-term economic performance.

PROPOSAL

Based on the provisions of Art. 15, paragraph (3) letter a of the updated Articles of Incorporation of SNTGN Transgaz SA Mediaș, we submit for approval by the Ordinary General Meeting of Shareholders the DIVIDEND POLICY OF SNTGN TRANSGAZ SA.

Detailed content of the report

Considering the provisions of the Bucharest Stock Exchange Corporate Governance Code, applicable as of 1 January 2025, as well as SNTGN Transgaz SA's status as a Premium Category listed company, the company is required to adapt and update its corporate governance practices in accordance with the requirements of the new regulatory framework.

In this context, for its report for the 2025 financial year, which includes the "comply or explain" statement in the corporate governance chapter, SNTGN Transgaz SA must comply with the updated requirements of the Code.

According to the provisions of Principle D2, point 1 of BSE Corporate Governance Code – version 2025, *"The Company must have a dividend policy as a set of guidelines that the Company intends to follow with regard to the distribution of net profit."*

This requirement calls for the development and publication of a clear, transparent, and predictable dividend policy that reflects how the company intends to approach the distribution of net profit to shareholders, in accordance with the principles of good corporate governance and the company's strategic objectives.

SNTGN Transgaz SA's dividend policy is developed in accordance with the national legislative framework and corporate governance regulations relevant to companies with majority state ownership and companies listed on the Bucharest Stock Exchange (BSE). Compliance with these rules ensures transparency, legality, and the protection of shareholders' rights.

This policy aims to maintain a sustainable balance between shareholders' justified expectations regarding the distribution of a portion of the profits generated, the need to secure financial resources to support strategic projects that are vital for the operation and expansion of the National Natural Gas Transmission System, and the maintenance of financial stability and sustainable long-term economic performance.

We attach hereto:

- The Dividend Policy of SNTGN Transgaz SA

**Chairman of the Board of Administration,
Minea Nicolae**



SNTGN TRANSGAZ SA

DIVIDEND POLICY

Based on principles of sound corporate governance, respect for public capital and transparency towards investors, Transgaz' dividend policy offers a clear and sustainable vision of how the company creates and distributes value.

A policy built on performance, trust, and responsibility.

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DIVIDEND POLICY

This policy regulates the principles and criteria underlying the distribution of net profit in the form of dividends to the shareholders of SNTGN Transgaz SA.

Transgaz, as the technical operator of the National Natural Gas Transmission System and a company listed on the Bucharest Stock Exchange, has a responsibility to ensure a balance between providing attractive returns for investors, the long-term financial sustainability of the company, respecting the interests of the majority shareholder – the Romanian State, through the General Secretariat of the Government – and ensuring fair treatment for all minority shareholders, in accordance with the principle of equal treatment and corporate governance standards.

1. General principles

SNTGN Transgaz SA's dividend policy is based on a set of general principles that reflect the company's responsibility towards its shareholders, the Romanian State, and all other stakeholders. These principles guide the decision-making process regarding profit distribution and are aligned with modern corporate governance standards.

Transparency and predictability - Transgaz undertakes to communicate its dividend policy intentions clearly and in a timely manner, so that shareholders can anticipate the potential level of dividends, so that current and potential investors have relevant information for making investment decisions, and so that public reports (BSE, ASF, company website) are accurate, complete, and compliant with legal requirements.

Balance between profit distribution and investment needs - The policy aims to strike a reasonable balance between distributing competitive returns to shareholders, maintaining a solid equity base, and supporting projects to expand and upgrade the gas transmission infrastructure, which are essential for national energy security.

Compliance with laws and regulations - Transgaz undertakes to comply with the legal requirements and applicable regulations regarding profit distribution, namely the provisions of Government Ordinance No. 64/2001 on profit distribution in national enterprises, national companies and companies wholly or majority owned by the state, as subsequently amended and supplemented, of Company Law No. 31/1990, republished, as subsequently amended and supplemented, the decisions and recommendations issued by the central authorities in relation to the dividend policy of companies with majority state capital, as well as the provisions of Law No. 24/2017 on issuers of financial instruments and market operations, as amended and supplemented, the principles of the Bucharest Stock Exchange Corporate Governance Code and international best practices in the field.

Flexibility depending on the economic context - The policy is designed to allow, within the regulatory framework governing profit distribution in companies with majority state ownership, justified adjustments based on annual financial performance, domestic and external macroeconomic conditions, and the fiscal and budgetary regulatory framework.

Responsibility towards the majority shareholder and other investors - Transgaz assumes responsibility for responding transparently and efficiently to the requirements of its majority shareholder – the Romanian State, through the General Secretariat of the Government – and for ensuring fair treatment of all minority shareholders, in accordance with the principle of equal treatment and corporate governance standards.

The application of these principles provides a clear, professional, and responsible framework for setting dividends, in line with Transgaz' strategic role and capital market expectations.

2. Applicable legislative and governance framework

SNTGN Transgaz SA's dividend policy is developed in accordance with the national legislative framework and corporate governance regulations relevant to companies with majority state capital and companies listed on the Bucharest Stock Exchange (BSE). Compliance with these rules ensures transparency, legality, and the protection of shareholders' rights.

Company Law No. 31/1990, republished, with subsequent amendments and additions (Law No. 31/1990), regulates the operation of commercial companies, including procedures for profit distribution and dividend payment, and establishes the responsibilities of the General Meeting of Shareholders (GMS) regarding the approval of dividends.

Government Ordinance No. 64/2001 on the distribution of profits in companies wholly or majority owned by the state, as subsequently amended and supplemented (GO No. 64/2001) and clarifications in OMFP No. 144/2005, require the distribution in the form of dividends of at least 50% of the accounting profit remaining after deduction of profit tax and coverage of the destinations provided for in letters a)-d), respectively:

- a) legal reserves;
- b) other reserves representing tax facilities provided by law;
- c) coverage of accounting losses from previous years, except for the accounting loss carried forward resulting from adjustments required by the application of IAS 29 "Financial Reporting in Hyperinflationary Economies," in accordance with the Accounting Regulations in line with International Financial Reporting Standards and the Accounting Regulations harmonized with European Economic Communities Directive No. 86/635/EEC and with the International Accounting Standards applicable to credit institutions;
- c^1) the establishment of own sources of financing for projects co-financed from external loans, as well as for the establishment of the sources necessary for the repayment of principal, interest, commissions, and other costs related to these external loans;
- d) other allocations provided for by law;

Law No. 24/2017 on issuers of financial instruments and market operations, republished, requires the payment of dividends through Depozitarul Central and its system participants.

Regulation no. 5/2018 of the Financial Supervisory Authority (FSA) on issuers of financial instruments and market operations, as amended and supplemented, imposes requirements regarding the public disclosure of details related to dividends (e.g., payment date, shareholder registration date, dividend per share) and ensures that financial reporting complies with accounting and auditing standards.

The Bucharest Stock Exchange Corporate Governance Code recommends the adoption and publication of a transparent dividend policy that is clearly explained and consistently applied, encourages ongoing communication with investors to ensure a high level of transparency, and promotes the principles of fairness and protection for all shareholders.

Other relevant regulations

- Ministry of Finance regulations on dividend policy in state-owned companies - *MFP Order No. 144/2005 approving the Specifications for determining the amounts subject to profit distribution in accordance with Government Ordinance No. 64/2001 on profit distribution in national enterprises, national companies, and commercial companies wholly or majority owned by the state, as well as autonomous administrations, approved with amendments by Law No. 769/2001.*
- International standards and best practices in the field of corporate governance (e.g., OECD recommendations on corporate governance of state-owned enterprises).

Strict compliance with the legislative framework and governance standards forms the basis for the adoption and implementation of this dividend policy, providing legal certainty and confidence for all shareholders.

3. Purpose/objectives of the dividend policy

The dividend policy of SNTGN Transgaz SA establishes the general framework of principles, rules, and criteria governing the process of distributing the company's profits to shareholders by way of dividends.

This policy aims to maintain a sustainable balance between shareholders' justified expectations regarding the distribution of a portion of the profits generated, the need to secure financial resources to support strategic projects that are vital to the operation and expansion of the National Natural Gas Transmission System, and the maintenance of financial stability and sustainable long-term economic performance.

Specific objectives of the dividend policy:

1. *Providing a clear and predictable framework for investors.* The policy defines an estimated distribution rate and the conditions that may influence its adjustment, so that investors have a realistic picture of the potential return on TGN shares.
2. *Alignment with legislative and governance requirements.* The policy reflects Transgaz' obligations as a joint-stock company with majority state ownership, listed on the Bucharest Stock Exchange, a public interest entity subject to FSA and Ministry of Finance regulations.
3. *Supporting the financing of strategic projects.* The level of dividends will be determined taking into account the need to maintain an adequate volume of equity resources to ensure the company's ability to implement sustainable development projects, increase energy efficiency, and comply with European objectives and regulations.
4. *Increasing investor confidence in corporate governance.* By publishing and adhering to a consistent dividend policy, Transgaz is strengthening its image as a reliable, predictable, and responsible issuer in the eyes of individual and institutional investors.

The adoption and implementation of a consistent dividend policy contributes to ensuring transparency in decision-making, protecting shareholder interests, and strengthening the company's financial stability.

This policy is an essential corporate governance tool that supports Transgaz' long-term vision of remaining a strategic energy infrastructure provider in Romania and the region.

4. Areas of action

4.1. Internal decision-making process

The establishment and approval of dividends involves a series of steps and responsibilities, distributed among Transgaz' management structures, in accordance with corporate governance principles, company law, and capital market regulations.

Transgaz' dividend policy is designed in close connection with the company's development strategy and has a direct impact on its self-financing capacity, investment planning, and long-term financial balance.

Transgaz carries out and plans large-scale investments of national and regional strategic importance. These projects involve multi-year investments, financed from company funds (including reinvested profits), European funds and grants, loans from international financial institutions (EBRD, EIB) and commercial banks, and institutional partnerships.

The value of the proposed dividend to be distributed is determined in correlation with available cash flows, investment requirements from the multi-annual strategic plan approved by the GMS, the level of legal and statutory reserves, the degree of indebtedness, and the costs associated with external financing.

Initiation of the dividend proposal – The dividend proposal is made based on the audited annual financial statements of SNTGN Transgaz SA. The company's financial results, the level of distributable profit, and the company's ability to sustain dividend payments and finance the strategic investment program are evaluated. This analysis incorporates the provisions of Government Ordinance 64/2001 *on the distribution of profits to national enterprises, national companies, and commercial companies wholly or majority owned by the state, as well as to autonomous administrations*, and MFP Order No. 144/2005 *approving the Specifications for determining the amounts subject to profit distribution in accordance with Government Ordinance No. 64/2001 on the distribution of profits to national enterprises, national corporations, and commercial companies with wholly or majority state capital, as well as to autonomous administrations, approved with amendments by Law No. 769/2001*, the financing requirements for the company's strategic development projects, as well as other relevant capital requirements. Based on these elements, the proposal for the distribution of net profit in the form of dividends is substantiated and submitted to the Board of Administration for approval.

Approval by the Board of Administration - The Board of Administration analyzes the proposal, taking into account:

- - the adopted dividend policy;
- - the requirements of the majority shareholder (the Romanian State through GSG);
- - the auditor's recommendations and the identified risks.

The Board approves the final form of the dividend proposal and submits it for approval to the Ordinary General Meeting of Shareholders.

Approval by the General Meeting of Shareholders (GMS) - The Ordinary GMS has the exclusive power to approve: the distribution of net profit; the gross dividend per share; the payment schedule, namely the record date - the date on which the list of shareholders entitled to dividends is established, the ex-date - the date from which the shares are traded without dividend rights, the payment date - the date on which the dividends are actually paid to shareholders.

According to the provisions of Government Ordinance No. 64/2001, national companies in which the state is the sole or majority shareholder or in which it holds control are required to pay dividends to shareholders within 60 days of the deadline set by law for the submission of annual financial statements.

The GMS decision is taken in compliance with the legal requirements regarding quorum and majority of votes.

Following the approval by the GMS of the distribution of profit and the dividend amount, SNTGN Transgaz SA takes the following steps:

- Submits to the BSE and FSA for publication – the OGMS resolution;
- Requests from Depozitarul Central – the register of shareholders on the registration date set by the OGMS;
- Publishes on the BSE, FSA, and Transgaz website – the press release regarding the payment of dividends.

Subsequently, Transgaz collaborates with the Depozitarul Central to implement the payment schedule, issues instructions for the distribution of amounts to shareholders, manages relations with shareholders regarding taxation, special requests, and the documents necessary for applying favourable tax regimes.

Compliance with the dividend policy is monitored by the Board of Administration and reviewed periodically.

The dividend decision-making process is rigorous, transparent, and aligned with corporate governance standards, providing confidence to both majority and minority shareholders.

Transgaz' dividend policy supports the long-term growth strategy of the company's value, responsible use of capital, balance between generating immediate returns for shareholders and building a sustainable capacity to deliver energy services.

Dividends will be set at a level that does not affect the company's ability to fulfil its public mission, finance essential investments in the national energy system, and ensure its long-term financial and operational stability.

4.2. Conditions for granting dividends

The company distributes the dividend approved by the Ordinary General Meeting of Shareholders, which establishes the dividend per share, the payment date, and the record date (registration of shareholders entitled to dividends), ex-date (the date from which shares are traded without dividend rights).

Taxation and payment of dividends will be carried out in accordance with the provisions of the Fiscal Code (Law No. 227/2015 on the Fiscal Code, as amended and supplemented), in particular those relating to the taxation of dividends and withholding income tax at source.

Dividends will be paid within the legal deadline of a maximum of 6 months from the date of approval by the General Meeting of Shareholders, in accordance with the provisions of Law No. 31/1990. Also, according to the provisions of Article 1, paragraph (3) of Government Ordinance No. 64/2001, "by way of derogation from the provisions of Article 67, paragraph (2) of Law No. 31/1990 ... national companies in which the state is the sole or majority shareholder or in which it holds control are required to pay the dividends due to shareholders within 60 days of the deadline set by law for the submission of annual financial statements."

The distribution procedures will comply with the regulations issued by the Ministry of Finance, the Financial Supervisory Authority (FSA), and the Bucharest Stock Exchange (BSE). Transgaz will ensure the transparency of the process and prompt communication to regulatory authorities and investors, in accordance with the principles of good corporate governance and the protection of shareholders' interests.

Exceptional situations - Exceptionally, the Government may approve, by memorandum initiated by the supervisory public authorities and endorsed by the Ministry of Finance, that national enterprises, national companies, and companies wholly or majority owned by the state, as well as autonomous state-owned companies established by the state, which carry out major investment projects of national interest to increase Romania's energy capacity or finance such projects carried out by their subsidiaries, to distribute less than 50% of the net profit remaining after deducting the amounts allocated to the destinations provided for in paragraph (1) letters a)-d) of GO 64/2001, in the form of dividends, for the realization of the respective investments.

Transgaz ensures responsible profit distribution that does not compromise the company's financial stability, operational integrity, or legal obligations.

4.3. Dividend pay-out ratio

Setting the dividend pay-out ratio is an essential element of Transgaz' financial policy, reflecting its commitment to shareholders, but also its responsibility towards the company's financial sustainability.

The pay-out ratio refers to the percentage of net profit for the financial year that is allocated for the payment of dividends to shareholders, after setting up legal reserves and covering any losses carried forward, after setting up other reserves required by law, the articles of incorporation, or GMS resolutions, and the amounts used to set up internal sources of financing for projects co-financed from external loans.

Transgaz intends to adopt a distribution rate of 50% of the distributable net profit in accordance with the provisions of GEO No. 64/2001 *on the distribution of profits in companies with full or majority state capital*. This rate provides an optimal balance between generating attractive returns for shareholders, retaining sufficient capital to co-finance strategic projects, and maintaining a solid capital structure in line with multi-year development plans.

The government may approve, by memorandum drawn up by the Ministry of Finance, that in the case of national enterprises, national companies, and companies wholly or majority owned by the state, as well as in the case of autonomous administrations established by the state, the

distribution of a share of the net profit remaining after deduction of the amounts allocated to the destinations provided for in paragraph (1)(a)-(d) of Government Ordinance 64/2001, in the form of dividends due to shareholders, may exceed the 50% limit, taking into account the fiscal framework. (1) letters a)-d) of GO 64/2001, in the form of dividends due to shareholders, to be higher than the 50% limit, taking into account the fiscal-budgetary framework.

At the same time, the Government may approve, by memorandum, initiated by the supervisory public authorities and endorsed by the Ministry of Finance, that national enterprises, national companies, and companies with wholly or majority state capital, as well as autonomous state-owned companies established by the state, which carry out major investment projects of national interest to increase Romania's energy capacity or finance such projects carried out by their subsidiaries, to distribute less than 50% of the net profit remaining after deducting the amounts allocated to the destinations provided for in paragraph (1) letters a)-d) of GO 64/2001, in the form of dividends, for the realization of the respective investments.

A flexible approach, within the limits of the legal framework applicable to companies with majority state capital, allows Transgaz to simultaneously fulfil its obligations to shareholders, strategic development objectives, and financial responsibility commitments.

4.4. Frequency and procedure for calculating and paying dividends

Transgaz aims to ensure a clear, transparent, and efficient process for calculating and paying dividends, in accordance with applicable legislation and stock exchange practices.

Dividends are distributed to shareholders in proportion to their share in the company's subscribed and paid-up share capital. Each fully paid-up share entitles the holder to receive dividends.

Annual dividends – granted after approval of the audited annual financial statements and the profit distribution proposal, as follows:

- The Board of Administration proposes the dividend level, depending on financial performance and the criteria in the dividend policy;
- The Ordinary General Meeting of Shareholders (OGMS) approves the distribution and sets the payment date.

Transgaz dividends are paid through Depozitarul Central SA and the designated payment agent, as follows:

1. through Depozitarul Central – Participants (Custodian Banks or Brokers) for individual and legal entity shareholders with holdings in the participants' accounts (section S2 of the DC).
2. through Depozitarului Central (DC) for individual and corporate shareholders with holdings in individual accounts (section S1 of the DC) who have an IBAN account registered with Depozitarului Central.
3. through the payment agent designated by TRANSGAZ for individual shareholders who do not have an account opened with a Participant or an IBAN account registered with Depozitarul Central.

Transgaz will publish all relevant information regarding the gross dividend amount, distribution schedule, payment method, dividend taxation, and documents required for the application of

double taxation avoidance agreements (for non-resident shareholders) on BSE, FSA, Depozitarul Central, and its own website.

Withholding tax on dividends and its payment are carried out in accordance with the provisions of Law No. 227/2015 on the Fiscal Code. Non-resident individual and legal entity shareholders may benefit from exemptions or reductions in the tax rate based on agreements for the avoidance of double taxation.

Transgaz is committed to making accurate, transparent, and timely payments in accordance with legal regulations and best corporate governance practices, thus ensuring trust and stability in its relationship with investors.

5. Communication

Publication and transparency - Transgaz undertakes to keep its dividend policy available to the public on the company's website. (www.transgaz.ro).

SNTGN Transgaz SA's dividend policy reflects the company's commitment to sound corporate governance, balancing shareholder interests and long-term sustainability, as well as compliance with the national and European legal framework.

Transgaz makes the following fundamental commitments:

- Full transparency in the process of setting and distributing dividends;
- Fairness and equal treatment for all shareholders;
- Financial responsibility by ensuring the ability to finance strategic projects;
- Adaptability based on financial performance, economic conditions, and legal requirements;
- Open dialogue with investors through a clear and predictable policy.

This policy is an integral part of Transgaz' overall strategy and contributes to strengthening the company's image as a responsible, stable, and successful player on the capital market.

6. Policy monitoring and review mechanism

In order to remain relevant, effective, and consistent with the company's strategic objectives and legal requirements, Transgaz' dividend policy is subject to a periodic review and update process.

Frequency of review - The dividend policy will be reviewed at least once every three years, on a regular basis, or whenever necessary, depending on the occurrence of significant changes such as: the applicable legislative or fiscal framework, the national policy on state-owned companies, the requirements of regulatory authorities (FSA, BSE, Ministry of Finance, etc.), the company's financial and investment strategy, macroeconomic developments, or capital market conditions.

Responsibilities – The Board of Administration has the responsibility to initiate and approve proposals to amend the dividend policy. The approval of the policy and all its revisions is the exclusive responsibility of the General Meeting of Shareholders.

This policy is to be officially published and integrated into Transgaz' set of corporate policies, under the supervision of the Board of Administration.