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### **Report**

#### **on the approval of the Policy for the nomination of members of the Board of Administration of SNTGN TRANSGAZ S.A.**

### **SUMMARY**

By the revision of the Corporate Governance Code by the Bucharest Stock Exchange (BSE) and the European Bank for Reconstruction and Development (EBRD), aligning it with recent regulatory changes, current international standards, and market participants' priorities, a series of regulations and amendments are envisaged for listed companies, including:

- The obligation to develop a **Policy for the nomination of members of the Board of Administration of SNTGN TRANSGAZ S.A.;**
- **The policy for the nomination of members of the Board of Administration of SNTGN TRANSGAZ S.A. must be submitted to a vote by the shareholders, reviewed whenever there is a significant change and at least once every four years and published on the company's website.**

### **PROPOSAL**

- Pursuant to the provisions of *Chapter V, Article 15, paragraph 3, letter a* of the updated **Articles of Incorporation;**
- Pursuant to the provisions of **Principle A3 of the BSE Corporate Governance Code, updated in 2025**, the obligation to develop a policy to ensure that *the Board shall ensure that a formal, rigorous, and transparent procedure is in place for the appointment of new members to the Board is regulated.*

We submit for approval **the Policy for the nomination of members of the Board of Administration of SNTGN TRANSGAZ S.A. by the Ordinary General Meeting of Shareholders.**

## DETAILED CONTENT

The Board of Administration of SNTGN "TRANSGAZ" S.A. operates in accordance with the provisions of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, as amended and supplemented, Company Law No. 31/1990, republished, as subsequently amended and supplemented, the updated Articles of Incorporation of SNTGN "TRANSGAZ" S.A., the BSE Corporate Governance Code, and the Organization and Operation Regulation.

Within the Board of Administration, an Advisory Nomination and Remuneration Committee has been set up to develop ***the Policy for the nomination of members of the Board of Administration of SNTGN TRANSGAZ S.A.*** (the "Policy").

Corporate governance codes are an important element of the corporate governance framework.

The purpose of the Bucharest Stock Exchange Corporate Governance Code is to promote effective governance and accountability in companies whose shares are admitted to trading on the regulated market of the Bucharest Stock Exchange. First and foremost, ensuring that a company's board of administration and management have the necessary power and responsibilities, as well as the skills, experience, and objectivity required to perform their duties, is essential for the effective development of the company's strategy and the supervision of its implementation.

Thus, according to the provisions of **Principle A.3. of the Corporate Governance Code – revised edition 2025**, *the Board must ensure that a formal, rigorous, and transparent procedure is in place for the appointment of new members to the Board.*

Listed companies shall develop and publish a Policy for the Nomination of Board Members that defines the processes and procedures for nominating, electing, or replacing a Board member. The nomination policy, approved by the competent governance body, shall describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from Board members.

The Company shall inform shareholders of the experience and CV of candidates for Board membership, which they need in order to make an informed decision on the appointment or reappointment of Board members.

Consequently, at the level of the Board, there must be a ***Policy for the nomination of members of the Board of Administration of SNTGN TRANSGAZ S.A.***

This policy establishes the general principles and criteria for nominating members of the Board of Administration of SNTGN Transgaz SA, in accordance with corporate governance rules and international best practices. The policy aims to ensure a transparent, objective, and professionally grounded process, focused on performance and accountability.

The policy applies from 2025 and covers all parties involved in the selection and nomination of candidates for positions on the Board of Administration.

The objectives are:

- **To ensure a competitive, transparent and meritocratic process;**
- **To strengthen stakeholder confidence in corporate governance;**
- **To create a formal framework for the selection and ongoing evaluation of Board members.**

The Board of Administration of SNTGN TRANSGAZ S.A. has set as a non-financial objective - ***Optimising the process of implementing corporate governance, ethics and integrity principles*** - and as an indicator ***the Ratio of independent members on the board of administration***.

The target set for the 2025-2029 term of office must be 60%, meaning that at least 3 out of 5 administrators must be independent.

S.N.T.G.N. Transgaz S.A. considers that the compliance with the principles of transparency, objective evaluation based on predefined criteria, competence and professionalism in the selection of members of the Board of Administration is not only a legal responsibility but also a strategic commitment to the sustainable development of the company.

Annexes: ***Policy for the nomination of members of the Board of Administration of SNTGN TRANSGAZ S.A.***

**Chairman of the Board of Administration,**

**Nicolae Minea**

**BOARD OF ADMINISTRATION**

***The Nomination and Remuneration Committee***

## **POLICY**

**for the nomination of the members of the Board of  
Administration of SNTGN TRANSGAZ S.A.**



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## **1. Introduction**

This policy establishes the general principles and criteria for nominating members of the Board of Administration of SNTGN Transgaz SA, in accordance with corporate governance rules and international best practices. The policy aims to ensure a transparent, objective, and professionally grounded process, focused on performance and accountability.

The policy is applicable as of 2025 and covers all parties involved in the selection and nomination of candidates for positions within the Board of Administration.

The objectives are:

- **To ensure a competitive, transparent, and meritocratic process;**
- **To strengthen stakeholder confidence in corporate governance;**
- **To create a formal framework for the selection and ongoing evaluation of BA members.**

### **Parties involved:**

- General Meeting of Shareholders (GMS)
- Agency for Monitoring and Evaluating the Performance of Public Enterprises (AMEPIP)
- Board of Administration (BA)

The selection of the members of the Board of Administration will be carried out in accordance with the following principles:

- **Transparency:** all stages of the process are public and documented;
- **Competence and professionalism:** individuals with relevant skills and experience are selected; academic training and strategic perspectives;
- **Fairness, equal opportunities, and non-discrimination:** equal treatment of all candidates;
- **Independence and moral integrity:** avoidance of conflicts of interest and promotion of objective decisions;
- **Objective evaluation based on predefined criteria;**
- **Diversity** – encouraging gender diversity;
- **Alignment with company strategy** – selection of members who can contribute directly to the achievement of TRANSGAZ' objectives.
- **Equal treatment and accountability;**
- **Right to free competition.**

## **2. Current situation**

In recent years, the selection processes for members of the Board of Administration (the Board) have been carried out primarily on the basis of professional competence criteria in accordance with the provisions of Government Emergency Ordinance No. 109/2011. The need to align with international best practices (OECD, BSE) has led to the formalization and development of a Policy for the nomination of the members of the Board of Administration.

### **3. Legal framework**

- Company Law No. 31/1990, republished, as amended and supplemented;
- Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, as amended and supplemented;
- Government Decision No. 639 of 27 July 2023, approving the methodological norms for the application of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, as amended and supplemented;
- Law No. 48/2025 approving the public policy on private state property;
- Law No. 202/2002 on equal opportunities and treatment between women and men;
- The Corporate Governance Code of the Bucharest Stock Exchange - 2025;
- OECD recommendations on corporate governance;
- The Articles of incorporation of SNTGN Transgaz S.A.

### **4. Defining the problem**

In order to increase the confidence of investors and partners, it is necessary to institutionalize a formal framework for the selection and evaluation of candidates for the Board of Administration.

### **5. Objectives**

- Establishing a clear, transparent, and standardized nomination process;
- Ensuring adequate diversity in the composition of the Board (professional, gender, age, etc.);
- Improving transparency and accountability in the selection and nomination process;
- Creating a continuous framework for evaluating the performance of Board members.

### **6. Courses of action**

- Establishing minimum eligibility criteria (education, experience, skills);
- Implementation of an evaluation system based on scoring grids and structured interviews;
- Establishment and training of the Nomination and Remuneration Committee;
- Inclusion of a shareholder information stage;
- Periodic review of the policy based on the results of its application.

### **7. Results and indicators**

- Compliance rate with the criteria established in the selection process;
- Diversity of the Board of Administration (gender, areas of expertise);
- Number of candidates per position;
- Percentage of independent members on the Board of Administration.

The majority of the members of the Board have to be non-executive. At least one-third of the members of the Board have to be independent. Each independent member of the Board has to submit a statement of independence at the time of their nomination for election or re-election, as well as when any change in their status occurs, in accordance with the independence criteria set out in the legislation in force.

The Board of Administration of SNTGN TRANSGAZ S.A. has set as a non-financial objective - ***Optimizing the process of implementing corporate governance, ethics, and integrity principles*** - and as an indicator the ***Percentage of independent members on the Board of Administration***.

The target set for the 2025-2029 term of office should be 60%, meaning that at least 3 out of 5 administrators have to be independent.

## **8. Budgetary implications**

The costs associated with implementing the policy include expenses for human resources consulting, organizing interviews, training the nomination committee, and communicating the policy. These will be budgeted under corporate governance expenses.

## **9. Stages of the Selection and Nomination Process**

### **1. Initiation of the process pursuant to Article 29 of Government Emergency Ordinance No. 109/2011**

The selection procedure for public enterprises is conducted in a transparent manner with the aim of ensuring the professionalization of the board, in accordance with the corporate governance standards for public enterprises, as developed in the Corporate Governance Principles of the Organization for Economic Cooperation and Development.

The selection procedure for board members shall commence at least six months before the expiry of the current board's mandate.

An integral part of the selection plan is, in accordance with the provisions of Article 1(5) of Government Decision No. 639/2023 for the approval of the Methodological Norms for the application of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, a working document drawn up by the selection and nomination committee and finalized by the time the announcement is published, containing, without limitation, necessary elements such as the profile of the board, the profile of the candidate, the interview plan, the deadlines for the stages between the start of the selection procedure and the date of submission of the final report, as well as the initial component of the selection plan. The integral component of the selection plan must include the number of administrator positions for which the selection procedure is carried out in accordance with the profile of the board and the profile of the candidate.

The draft of the integral component of the selection plan shall be published on the websites of the supervisory public authority and the public enterprise.

### **2. Hiring an independent expert**

The services of the independent expert are contracted by AMEPIP or by the supervisory public authority in the case of local public enterprises, through a public procurement procedure, in accordance with the provisions of Law No. 98/2016, as amended and



supplemented, as well as with the provisions of Article 2(28) of Government Emergency Ordinance No. 109/2011.

### **3. The establishment of selection criteria**

Each public supervisory authority, through its Corporate Governance department, shall draw up a profile of the board, which must include the conditions regarding education and experience provided for in Article 28(1) or (1<sup>^</sup>1), as applicable, and paragraph (3) of Government Emergency Ordinance No. 109/2011, as well as the eligibility conditions provided for in Article 30(9) and Article 36(7) of Government Emergency Ordinance No. 109/2011.

The profile of the board and the candidate are an integral part of the selection plan and shall be approved together with it, by administrative act, by the supervisory public authority or by the general meeting of shareholders.

The profile of the board includes, where applicable, a description of the positions of administrator falling under the provisions of Article 28(5<sup>^</sup>1) of Government Emergency Ordinance No. 109/2011.

The board's profile should include the following elements:

- a) defining mandatory and optional selection criteria;
- b) defining a common evaluation grid for the established criteria;
- c) the weighting of each criterion, depending on its importance;
- d) grouping criteria for comparative analysis;
- e) specifying a collective minimum threshold for each mandatory selection criterion, as appropriate.

The candidate's profile consists of two components:

- a) a description of his/her role, based on the contextual requirements of the public enterprise and the letter of expectations;
- b) a description of the selection criteria.

The board's profile differentiates between mandatory selection criteria and optional selection criteria based on competencies, which were identified following an analysis of contextual requirements.

Mandatory selection criteria are competencies and traits that all candidates have to meet. Optional selection criteria are competencies and traits that some board members may meet, but not necessarily all of them.

- **Mandatory criteria and selection criteria** are defined, including:
  - Relevant higher education;
  - Professional experience and experience in management positions;
  - Skills in corporate governance, strategy, risk assessment;
  - Independence (according to art. 138<sup>2</sup> Law 31/1990);

- Absence of conflicts of interest.
- A **matrix of competences** is drawn up so that the Board, as a collective body, includes:
  - Legal, economic, and technical expertise;
  - Experience in the energy sector and capital markets;
  - Balanced gender representation (target: minimum 30% women).

The mandatory criteria to be used in the selection procedure are divided into groups and subgroups, as follows:

A. Competences:

- a) competences specific to the sector of activity of the public enterprise;
- b) professional competences of strategic importance;
- c) corporate governance competences;
- d) social and personal competences;
- e) local and international experience;
- f) specific skills and restrictions for civil servants or other categories of staff within the supervisory public authority or other public authorities or institutions;
- g) others, depending on the specific nature of the public enterprise;

B. Traits:

- a) personal and professional reputation;
- b) integrity;
- c) independence;
- d) political exposure;
- e) interpersonal communication skills;
- f) others, depending on the specific nature of the public enterprise;

C. Other criteria:

- a) economic and financial results of the companies in which the candidate has held the position of administrator or director
- b) entries in the tax and criminal records
- c) gender criteria;
- d) additional criteria, depending on the specific nature of the public company and the applicable legal provisions.

The following may be optional criteria:

- a) previous mandate as administrator/director of a public or private enterprise;
- b) specialization in certain fields of activity;
- c) knowledge of an international language.

The selection plan shall be drawn up and implemented in such a way as to ensure a transparent, open, non-discriminatory, competitive, and comprehensive selection procedure.

#### **4. Publication of the announcement and transmission of documents**

The announcement regarding the selection of board members shall be published by the supervisory public authority and the chairman of the board of administration/supervisory board of the public enterprise, in accordance with the provisions of Article 5(6) and Article 29(4) of Government Emergency Ordinance No. 109/2011. The announcement regarding the selection of board members shall be published at least 30 days before the deadline for submitting applications specified in the announcement.

#### **5. Evaluation of candidates**

The profile of the board and the candidate are an integral part of the selection plan and will be approved together with it, by administrative act, by the supervisory public authority or by the general meeting of shareholders/associates, as the case may be.

Based on the complete application files submitted within the deadline, the selection and nomination committee draws up a long list, which, by decision of the supervisory public authority, may be published.

The selection and nomination committee analyzes the information in the application files remaining on the long list and assigns scores according to the evaluation grid for each criterion in the board profile for each candidate.

Candidates are subject to a comparative analysis, based on the profile of the board and the profile of the candidate.

The selection and nomination committee may request additional information to that contained in the application file when it deems necessary, in order to ensure the rigor and fairness of the decisions taken.

Additional information is obtained by the following means:

- a) clarifications requested in writing;
- b) verification of the candidates' previous work experience;
- c) verification of the references provided by the candidates.

As a result of the additional information obtained, the accuracy of the score obtained based on the candidate's profile requirements can be reviewed, improved, and validated.

Candidates are eliminated from the long list in descending order of the score obtained according to the candidate profile requirements, up to a maximum of 5 candidates and a minimum of 2 candidates for each administrator position, thus resulting in the short list.

The selection and nomination committee shall analyse the statement of intent submitted by the candidate under the conditions of paragraph (2) and paragraph (3) of Article 22 of

Decision No. 639 of 2023, as subsequently supplemented and amended, and shall integrate the results of the analysis into the candidate's evaluation. The results in the candidate's profile shall be analysed in relation to the board's profile.

The selection and nomination committee shall inform rejected candidates by electronic means.

The ranking of candidates on the shortlist, as well as those selected following verification by the selection and nomination committee under the conditions of Article 9<sup>1</sup>, shall be carried out following an interview organized by the selection and nomination committee, based on the interview plan.

The following should be taken into account when organizing the interview:

- a) the application file;
- b) the candidate's profile;
- c) the board's profile;
- d) the candidate's statement of intent.

After the interviews are completed, the selection and nomination committee shall draw up:

- a)** the shortlist containing the ranking of candidates, except for candidates for the position of administrator proposed by the supervisory public authority and/or minority shareholders in application of the provisions of Article 28(5<sup>1</sup>) and Article 29(2<sup>1</sup>) of Government Emergency Ordinance No. 109/2011;
- b)** the ranking of candidates selected following the checks carried out by the selection and nomination committee under the conditions of Article 9<sup>1</sup> of Government Decision No. 639/2023;
- c)** the final report, which includes the elements referred to in points (a) and (b), but does not include the candidates proposed by minority shareholders.

## **6. Final report**

After the interviews are completed, the selection and nomination committee draws up the ranking of candidates and the final report.

The final report shall be submitted:

- a) to AMEPIP (Agency for Monitoring and Evaluating the Performance of Public Enterprises), for the issuance of the approval under the conditions provided in art. 4<sup>4</sup> para. (5) letter c) point (vii) of Government Emergency Ordinance no. 109/2011, and subsequently;
- b) to the head of the supervisory public authority, with a view to mandating state representatives at the general meeting of shareholders to propose members for the board.

After AMEPIP issues its approval, the final report is published on the websites of the supervisory public authority, the public enterprise, and AMEPIP, in accordance with the provisions of the General Data Protection Regulation.

The board members are appointed from among the candidates included in the shortlist.

### ***10. Replacement or vacating of the position***

In the event of a vacant administrator position, the public enterprise is required to immediately inform the supervisory public authority and AMEPIP in order to organize the selection and nomination procedure.

The procedure for the selection and nomination of the board member for the vacant position shall be organized in accordance with the provisions of Decision No. 639 of 27 July 2023, approving the methodological norms for the application of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises.

The general meeting of shareholders decides to initiate the selection procedure for the appointment of administrators, in accordance with the provisions of Article 3 of Decision No. 639 of 27 July 2023, approving the methodological norms for the application of Government Emergency Ordinance No. 109/2011.

The selection plan drawn up at the time of the selection procedure for the current board remains applicable with regard to the letter of expectations, the board profile, and the candidate profile, with the other documents and forms to be updated.

The candidate shortlisted submits a letter of intent for the period remaining until the end of the mandate of the current board.

The mandate of the new administrator appointed following the selection and nomination procedure coincides with the remaining duration of the current board's mandate.

Until the selection and nomination procedure is completed, the board shall be supplemented with temporary administrators.

Administrators in office whose performance has been assessed favorably in at least two annual reports may request renewal of their mandate.

The evaluation of the activity of administrators in office who request the renewal of their mandate is carried out by the supervisory public authority, with the approval of AMEPIP.

The request for renewal of the mandate shall be made within a maximum of 5 working days from the date of initiation of the selection procedure.

Administrators in office who request renewal of their mandate shall adhere, by means of a declaration of intent, to the letter of expectations and the board profile, which are part of the selection plan for the new board.

The corporate governance department within the supervisory public authority, based on the annual assessment reports and the statement of intent provided, prepares the report on the renewal of the mandate, which is submitted to the head of the supervisory public authority. If the report is approved, it is communicated to AMEPIP for the issuance of the relevant opinion.

The mandate of the administrator whose renewal has been approved will commence on the date of appointment of the entire board of administration.

If the number of administrators requesting renewal is less than the number of board members, a selection procedure shall be organized for the remaining vacant administrator positions in accordance with the provisions of Decision No. 639 of 27 July 2023, approving the methodological norms for the application of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises.

### ***11. Transparency and Public Communication***

- The nomination policy is reviewed every four years or whenever there's a relevant change in the law.
- Changes are approved by the General Shareholders' Meeting and posted on the company's website..

### ***12. Monitoring and evaluation***

The Agency for Monitoring and Evaluating the Performance of Public Enterprises (AMEPIP) is the institution that monitors and evaluates the process of selection and nomination of members of the Board of Administration in public enterprises.