



PROCEDURE RELATED TO THE APPOINTMENT OF THE MEMBERS OF THE BOARD OF ADMINISTRATION OF S.N.T.G.N. TRANSGAZ SA

1. Applicable legal framework

- Emergency Ordinance no.109/2011 on the corporate governance of public enterprises, Emergency Ordinance no.51/29.05.2013 amending and supplementing Government Emergency Ordinance no.109 /2011:

Art.28(1) For companies managed according to the unified system, the Board of Administration consists of 5-9 members, natural or legal persons with experience in business administration/management/of profitable public enterprises or/of some profitable companies in the field of activity of public enterprises. At least one of the board members must have experience in economic studies and accounting, auditing or finance of at least 5 years. Only maximum two members can be selected from the civil servants or other staff of the guardianship authority or from other authorities or public institutions.

Art.28(2) Most board members are non-executive and independent administrators, within the meaning of art. 138² of Law no. 31/1990, republished, as amended and supplemented.

Art.28(3) The mandate of the administrators is set according to the Articles of Incorporation and it cannot exceed 4 years. The mandate of the administrators who fulfilled their tasks in a professional manner may be renewed.

Art.29(1) The members of the board of administration are appointed by the general shareholders meeting according to the proposal of the acting board of administration or of the shareholders.

Art.29(2) The candidates proposed by the Board are selected/previously evaluated and recommended by the nominating committee within the Board. By the decision of the Board of administration in the evaluation process the nominating committee may

be assisted by an independent expert person or entity specialized in recruiting human resources whose services are contracted by the company under the law.

Art.29(3) The companies referred to in Art. 2 pt. 2 let. b) if the public supervisory body, on behalf of the shareholder - the state or administrative-territorial unit, proposes candidates to apply for the position of members of the Board, these proposals are made on the basis of a preliminary selection made by a panel of specialists in human resources recruitment.

Art.29(4) The public supervisory body may decide that in the selection process the committee to be assisted or the selection to be carried out by an independent person or entity specialized in recruiting human resources whose services are contracted by the public supervisory body according to the law. In this case, the public supervisory body will bear the costs of the selection procedure.

Art.29(5) It is mandatory that an independent expert person or entity specialized in the recruitment of human resources performs the selection of candidates, in the case of public companies which fulfill the following conditions:

a) recorded in the former financial year a turnover of more than the lei equivalent of EUR 7,300,000;

b) have at least 50 employees.

Art.29(6) The selection criteria are set by the commission or, where applicable, by the independent expert referred to in para. (4) and (5), taking into account the specificity and complexity of the activity of the company.

Art.29(7) The announcement on the selection of board members shall be published by the board of administration in two widespread economic and/or financial newspapers and on the company's website. It should include the conditions to be met by candidates and their evaluation criteria. The selection is performed according to the principles of non-discrimination, equal treatment and transparency and taking into account the specific activity of the company.

Art.34(1) The Nomination and Remuneration Committee and the Audit Committee will be constituted within the Board of Administration or, where appropriate, the Board of Supervisors,. The Articles of Incorporation may stipulate the possibility to create other advisory committees.

Art.34(2) The Nomination and Remuneration Committee formulates proposals for the positions of directors/member of the Supervisory Board, develops and proposes to the Board/Supervisory Board the procedure for the selection of candidates for the position of director or, where appropriate, a member of the board and other management positions, recommends the board or, where applicable, the supervisory board candidates for the listed positions, puts forward proposals on remuneration of directors/ management members and other senior positions.

- Companies Law no.31/1990,updated and republished;
- Legislation specific to the capital market.

2. Description of the procedure

In view of the appointment of new members of the Board of Administration of TRANSGAZ SA, the Advisory Nomination and Remuneration Committee assisted by a recruitment firm specialized in human resources (Recruitment agency) will go through the following steps:

- a. Contracting a Recruitment agency specialized in recruiting human resources in compliance with the GEO no.34/2006 on the award of public procurement contracts, public works concession contracts and service concession contracts, as subsequently amendment and supplemented;
- b. Drawing up an announcement for recruitment and selection of a/some candidate/s for the position of Non-executive Administrator within the Board of Administration of S.N.T.G.N. TRANSGAZ S.A. Medias. The announcement will include at least the following information: conditions to be met by candidates, the criteria for their evaluation, the necessary documents for the registration of natural/legal persons, the date, time and place where applications will be submitted and documents requested in the announcement, in hard copy and in electronic format to the indicated e-mail address. The announcement will be drawn up in Romanian and English;
- c. Publication of the announcement in two widespread economic or financial newspapers, as well as on the website of the company;
- d. The Recruitment agency contacts directly potential candidates, replies to any requests for information, analyzes the files submitted by the candidates and disqualifies those candidates who have not submitted all the required documents;
- e. The Recruitment agency sends to the Advisory Nomination and Remuneration Committee the Progress Report which includes the list of candidates participating in the procedure (long list);
- f. The recruitment agency requires the candidates in the long list to fill in some questionnaires and schedules the interview for each candidate;
- g. The recruitment agency evaluates the candidates on the long list, draws up the short list comprising at least two candidates, prepares the evaluation reports for the candidates on the short list that includes at least the following information: presentation of the relevant experience, motivation of the candidate, expected salary package;
- h. The recruitment agency submits to the Advisory Nomination and Remuneration Committee the final report and the short list. The Advisory Nomination and Remuneration Committee will meet in an operative working session, will review the two reports and will sign a Minutes of the meeting;
- i. The Advisory Nomination and Remuneration Committee assisted by the recruitment agency will schedule the shortlisted candidates to the final interview;
- j. The Advisory Nomination and Remuneration Committee will conduct interviews with the candidates on the shortlist, will meet in the operative working session and will prepare the minutes of the meeting in which they will recommend to the Board of

Administration of TRANSGAZ SA the approval of the candidates for the position of non-executive administrator/administrators;

- k. The Board of Administration endorses the Minutes of the Advisory Nomination and Remuneration Committee on the recommendation to approve the candidates for the position of non-executive administrator/administrators, in order to submit for approval to the General Ordinary Meeting of the Shareholders;
- l. The Board of Administration submits to the public supervisory body the proposals in order for them to draw up the state representative's mandate in the General Meeting of the Shareholders of TRANSGAZ SA;
- m. The convening of the General Ordinary Meeting of the Shareholders of TRANSGAZ SA under the law, with the agenda to determine the by the non-executive administrator / administrators in the Board of Administration, to conclude the mandate contract/ contracts, to mandate the person to sign the mandate contract on behalf of the mandator;
- n. Conducting the Ordinary Meeting of the Shareholders of TRANSGAZ SA and the election of the non-executive administrator/administrators;
- o. The conclusion and signing of the mandate Contract/Contracts.

**THE ADVISORY NOMINATION
AND REMUNERATION COMMITTEE**

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