

SNTGN TRANSGAZ SA MEDIAŞ

ANNEXES TO THE ANNUAL REPORT ISSUED BY THE BOARD OF ADMINISTRATORS FOR THE YEAR 2014

ANNEX 1 - CORPORATE GOVERNANCE
ANNEX 2 - HSSEQ

ANNEX 1 - CORPORATE GOVERNANCE

Information on the Statutory, Administrative and Executive Management of the Company

Information on the Statutory Management of the Company (General Meeting of Shareholders)

The interests of the State within the General Meeting of Shareholders of Transgaz, with the entry into force of the Government Emergency Ordinance no. 4 of 14.02.2014, have been represented by the Government through the General Secretariat of the Government, and with the entry into force of Government Emergency Ordinance no. 56 of 17.12.2014 by the Ministry of Economy, Trade and Tourism.

The State Representative in the General Meeting of Shareholders shall be appointed and revoked by the order of the General Secretariat of the Government, at the suggestion of the Director of the Cabinet Office. Its voting rights in the General Meeting of Shareholders have been exercised under a special mandate granted by order of the General Secretariat of the Government, at the suggestion of the Director of the Cabinet Office.

After the acceptance of transacted Transgaz shares on a regulated market, shareholders, others than the State, may be represented in the General Meeting of Shareholders by other people than the shareholders themselves, except Transgaz Directors, Managers and employees, based on a special mandate, according to the regulations of the Romanian National Securities Commission (CNVM).

The General Meeting of Shareholders of Transgaz is the governing body which decides on the Company's activity and on its economic policy. The General Meetings of Shareholders are ordinary and extraordinary.

The Ordinary General Meeting of Shareholders has the following main duties:

- to approve the proposals regarding the global strategy of development, technological upgrading, modernization, economic-financial restructuring of the Company;
- to approve the management plan prepared by the Board of Directors;
- to elect and revoke directors, according to the applicable laws;
- to appoint and revoke the Chairman of the Board of Directors of Transgaz;
- to establish the election criteria of board members when two or more nominated persons obtain the same number of votes, expressed by the same number of shareholders;
- to approve the income and expenditure budget and the activity plan for the following financial year;
- to establish the level of remuneration for the members of the Board of Directors and the limits stipulated by law; to approve the mandate contract concluded with the members of the Board of Directors and the Chief Executive Officer;
- to discuss, approve or amend the annual financial statements based on the reports of the directors and of the financial auditors and to determine the dividend;

- to approve the distribution of profit according to the law;
- to analyse the reports of the Board of Directors on the status and perspectives relating to profit and dividends, position on the internal and international market, technical level, quality, workforce, environmental protection, relations with the customers;
- to decide in relation to the directors' management;
- to decide in relation to the pledging, lease or closing of one or several units of the Company;
- to approve the rules of organization and operation of the Board of Directors;
- to appoint and dismiss the financial auditor and to set the minimum length of the financial audit contract;
- to perform any other duties devolving upon it according to the applicable laws.

The Extraordinary General Meeting of Shareholders gathers in order to decide as follows:

- to change the legal form of Transgaz;
- to relocate the company's head office;
- to change the field or/and the company's main object of activity;
- to increase the share capital or reduce it or integrate it by issuing new shares according to the law;
- to merge with other companies, or to split Transgaz;
- to prematurely dissolve the company;
- to issue new bonds;
- to alter the number of shares or their nominal value;
- to decide on the establishment or closing down of secondary units: branches, agencies or other such units without legal personality of TRANSGAZ S.A., with the exception of working points - NTS structures, participation in the establishment of new legal entities, their merger, division or dissolution or in the association with other legal or natural persons from the country or abroad;
- to extent the company's existence;
- to convert shares from one category into another;
- to approve acts of acquisition, transfer, exchange or warranty of certain assets classified as fixed assets of the Company, whose value exceeds, individually or cumulatively during a financial year, 20% of total fixed assets, without debts, concluded by the directors or manager of the company;
- to convert a category of bonds into another category or in shares;
- to priorly approve leases of tangible assets for a period of more than one year, whose individual or cumulated value compared with the same counterparty or persons involved or acting in concert, exceeds 20% of total fixed assets without debts, on the date of conclusion of the legal document, as well as associations for a period exceeding one year;
- to approve the currency in which the securities admitted or to be admitted for trading on a regulated market are to be issued;
- any other amendment in the Memorandum of Association or any other decision for which the approval of the Extraordinary General Meeting of Shareholders is required.

The General Meeting of Shareholders may authorize the Board of Directors to exercise the following attributions: to relocate the company's head office, to change the secondary field of activity, and to increase the share capital.

The General Meeting of Shareholders is convened by decision of the Board of Directors, whenever necessary, according to the legal provisions in force and the provisions of the Memorandum of Association of Transgaz, as updated.

Convening the General Meeting of Shareholders

The General Meeting of Shareholders is convened by decision of the Board of Directors whenever necessary.

The Ordinary General Meeting of Shareholders shall gather at least once a year, within 5 months of the conclusion of the financial year.

The General Meeting of Shareholders shall be convened, whenever necessary, in accordance with the legal provisions in force and the provisions of this Memorandum of Association.

The Board of Directors shall convene the General Meeting immediately at the request of shareholders representing, individually or together, at least 5% of the share capital, if the application contains provisions pertaining to the competence of the General Meeting.

Convocation - term, content, time reference

The convening notice shall be published in *the Official Gazette of Romania*, Part IV and in a widespread national newspaper, as well as on TRANSGAZ S.A. website at least 30 days prior to the meeting and shall include the following: *company name; the date of the general meeting; starting time of the general meeting; location of the general meeting; reference date, and indicating that only those who are shareholders on that date are entitled to attend and vote at the general meeting; the agenda; a clear and precise description of the procedures which the shareholders must comply with in order to participate and vote at the general meeting; deadline by which proposals can be made on candidates for the director positions, when the election of directors is on the agenda; method in which documents and information regarding the issues on the general meeting's agenda are distributed, the date when they will be available and the website address where they are to be available; method to obtain the special power of attorney form for representation in the general meeting of shareholders; method to obtain the form for voting by correspondence; deadline and location for submitting/receiving special powers of attorney and voting by correspondence forms; proposal on the date of registration; day and time for the next general meeting, when the former could not be kept.*

The General Meeting of Shareholders shall gather at the headquarters of TRANSGAZ S.A. or other place indicated in the notice.

When the agenda includes proposals for the amendment of the Memorandum of Association, the notice shall contain the full text of the proposals.

The reference date shall not be prior by more than 30 days to the date of the general meeting to which it applies; between the deadline allowed for the convocation of the general meeting and the date of reference must be at least 8 days, while the date of reference should be prior to the deadline by which special powers of attorney may be submitted/sent to the company. Between the allowed deadline for the second or subsequent convocation of the general meeting and the date of reference there should be at least 6 days"

Information materials and participation

The Board of Directors shall provide to the interested shareholders the documents to be debated and approved by the General Meeting of Shareholders, the special powers of attorney, voting by correspondence forms and materials containing information relating to each topic on the agenda.

The date starting with which the documents, information materials, special powers of attorney and forms to be used for the vote by correspondence regarding the issues on the agenda will be provided to shareholders, is prior by at least 30 days to the date of the General Meeting, unless the law provides otherwise.

The documents, information materials, special powers of attorney and forms for the vote by correspondence will be made available to shareholders on the TRANSGAZ S.A. website or at its headquarters and in other locations as may be established by the Board of Directors and specified in the convocation notice.

Upon request, these documentation and materials shall be provided to shareholders against a fee. The fees required from the shareholders who request the issuing of copies of documents referred to in the preceding paragraph shall not exceed the cost of multiplication.

The special power of attorney and the form for voting by correspondence shall be valid only for the General Meeting of Shareholders for which they were requested, and the special power of attorney form shall have the content required by law and shall be made available to the interested shareholders in 3 copies, which shall have the following destinations: one for the shareholder, one for the representative and one for the issuer.

Organisation of the General Meeting of Shareholders

Quorum and voting majority

The Ordinary General Meeting of Shareholders is validly assembled and may take decisions, if upon the first call, shareholders holding at least a half of the share capital are present and, upon the second call, any part of the share capital represented by the present shareholders. If the Ordinary General Meeting of Shareholders is validly assembled, the decisions are approved with a majority of votes held (half plus one).

The Extraordinary General Meeting of Shareholders is validly assembled and may take

decisions, if upon the first call, shareholders holding at least a $\frac{3}{4}$ (three quarters) of the share capital are present and, upon the second call, they hold at least half of the share capital.

If the Extraordinary General Meeting is validly assembled, the decisions will be approved by a majority of the votes held by the present or represented shareholders, but no less than the votes of the shareholders representing half of the share capital upon the first call or one third of the share capital upon the second call.

Shall be exempted from the provisions of the preceding paragraph the decision regarding the change of the main object of activity of TRANSGAZ S.A., the reduction or increase of the share capital, the change of the legal form, mergers, division or dissolution for which decision are taken by a majority of at least $\frac{2}{3}$ of the voting rights held by shareholders present or represented.

Proceedings

On the day and at the time indicated in the convocation notice, the General Meeting of Shareholders session shall be opened by the Chairman of the Board of Directors or, in his absence, by its replacement.

The General Meeting shall elect, from the present shareholders, 1 to 3 Secretaries, who shall check the shareholders' list of attendance, indicating the social capital represented by each of them, the minutes drawn up by the Technical Secretary for the establishment of the number of submitted shares and the fulfilment of all the formalities required by law and the Memorandum of Association regarding the assembly of the General Meeting.

Minutes

The minutes of the General Meeting of Shareholders shall be signed by the Chairman of the Board of Directors and by the Meeting Secretary who has drafted it.

The minutes of the General Meeting of Shareholders shall be registered in a sealed and initialled register.

To each minute, the documents regarding the convocation, the attendance lists of shareholders, and if applicable, the special mandate of the representative of the General Secretariat of the Government shall be annexed.

At the ordinary and extraordinary sessions of the General Meeting of Shareholders, in which the issues relating to the employment relationships with the TRANSGAZ S.A. staff are discussed, the employees' representatives shall be invited but they shall not have the right to vote.

Exercise of the right to vote at the General Meetings of Shareholders

The decisions of the General Meetings of Shareholders are taken by public vote, unless the law provides otherwise.

The shareholders may vote in the General Meeting of Shareholders in person, by representative, mail or electronic means. In the case of voting by representation, the power of attorney may be submitted at the company's headquarters, in original, with 24 hours prior to the meeting or can be communicated electronically, having the electronic

signature incorporated, attached to or logically associated.

Each Shareholder present at the Meeting receives a voting ballot which bears the stamp of TRANSGAZ S.A. and on which all the items on the agenda are drafted, as well as the options "for", "against" or "abstention".

The person who represents several shareholders based on the special powers of attorney expresses the votes of the persons represented by the total number of votes "for", "against" or "abstention" without offset. Such votes are validated based on the third copy of the special powers of attorney, by the Secretariat of the General Meeting.

To be relied on as against third parties, the decisions of the General Meeting of Shareholders shall be submitted within 15 days at the Trade Register Office, to be mentioned in the excerpt, in the Register and published in the *Official Gazette of Romania*, Part IV.

The decisions made by the General Meeting of Shareholders within the limits of the law and of the Memorandum of Association are mandatory even for the shareholders who did not participate to the meeting or voted against.

The shareholders who have not voted in favour of a decision taken by the General Meeting of Shareholders regarding the change of the main object of activity, the relocation of TRANSGAZ S.A. headquarters abroad, the change of the legal form of TRANSGAZ S.A. or regarding the merger or division of TRANSGAZ S.A. shall be entitled to withdraw from the company under the conditions provided by law.

Shareholders who own more than 5% of the shares are forbidden to exercise the rights arising from the status of shareholder stipulated in article 128, paragraph (2), letter i) and ii) of the Law on electricity and natural gas No. 123/2012 if they exercise a right of control, on a company with the activity of production or supply of electricity and/or natural gas.

The interdiction applies to the shareholder/shareholders until the end of the incompatibility status resulting from failure to comply with the requirements provided for in article 128 of the Law of electricity and natural gas No. 123/2012.

List of members of the General Meeting of Shareholders:

On 12.06.2013, the following State representatives in the General Meeting of Shareholders of Transgaz were appointed by the Order of the Minister of Public Finances:

Remus Vulpescu	State Representative, appointed by Order No. 728 of 12.06.2013 – until resignation on 23.01.2014;
Iulian Marian Butnaru	State Representative, appointed by Order No. 728 of 12.06.2013 – until 11.04.2014;

Andra Luminița Răduică	State Representative, appointed by Order No. 728 of 12.06.2013 and revoked by Order No. 944 of 04.07.2013.
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On 11.04.2014, the following State representatives in the General Meeting of Shareholders of Transgaz were appointed by the Order no. 183 of the General Secretariat of the Government:

Marin Popescu	State Representative, appointed by Order No. 183 of 11.04.2014 – until now;
Constantin Petrescu	State Representative, appointed by Order No. 183 of 11.04.2014 – until now.

Information on the administrative management (Board of Directors)

Management system

Transgaz has a one-tier management system and it is managed by a Board of Directors. The Board of Directors has general competence for carrying out all actions necessary for successfully fulfilling the company's object, except for the matters falling within the competence of the General Meeting of Shareholders, according to the provisions of the Memorandum of Association, as updated on 03.10.2014 or to the applicable laws.

Transgaz management is performed by a board of directors, consisting of the majority of non-executive and independent managers, as stipulated in Art. 138² of Law No. 31/1990, republished, with subsequent amendments and completions.

The Board of Directors is made up of 5 members who guarantee the efficiency of the capacity of supervision, analysis and assessment of the company's activity and the fair treatment of shareholders. The members of the Board of Directors are elected by the General Meeting of Shareholders for a 4-year term of office, and, provided they appropriately fulfil their attributions, their mandate may be renewed, or they can be revoked by the Ordinary General Meeting of Shareholders if they fail to reach their main objectives.

The members of the Board of Directors may be shareholders. The Board of Directors of Transgaz is chaired by a Chairman appointed by the General Meeting of Shareholders, from the members of the Board of Directors, who ensures the optimal operation of the company's bodies. The members of the Board of Directors will attend all General Meetings of Shareholders and will wittingly exercise their mandate, in good faith for the benefit of the company, with due diligence and care, without disclosing the company's confidential information and trade secrets, both during the term of office and after its end.

Upon the request of a significant shareholder, the election of members of the Board of Directors of TRANSGAZ S.A. shall be expressly made through the cumulative voting method. For the purposes of this paragraph, a significant shareholder means a natural person, legal person or group of persons acting in concert and holding directly or indirectly a participation of at least 10% of the share capital of TRANSGAZ S.A. or of the

voting rights, or a participation that enables the exercise of a significant influence over the decision-making process in the General Meeting or the Board of Directors of TRANSGAZ S.A. according to the case.

The Memorandum of Association of Transgaz, as updated on 03.10.2014 and approved by the Extraordinary General Meeting of Shareholders by Resolution no. 6/03.10.2014, regulates the duties, responsibilities and powers of the Board of Directors and the obligations of the company's directors.

In the event of a vacancy in the Board of Directors, the election of a new member shall be performed as provided by law. The duration for which the new director is elected to occupy the vacant place shall be equal to the period remaining until the expiry of the term of his predecessor.

Role and Obligations of the Board of Directors

Transgaz is managed by a Board of Directors that gathers at the company's head office or at any other location it establishes, whenever necessary, but at least once every three months, upon the call of the Chairman of the Board, following the request of two members of the board or by the Chief Executive Officer.

Convocation of the Board of Directors

The Meetings of the Board of Directors shall be convened as follows: *by the Chairman of the Board of Directors whenever necessary, but at least once every three months; by two members of the Board of directors or by the Chief Executive Officer.*

The convocation notice for the meeting of the Board of Directors shall be forwarded to the Directors in good time before the date of the meeting; the time limit may be established by decision of the Board of Directors.

The convocation notice shall be sent to all Directors under the provisions of the Memorandum of Association in force.

The convening of the meeting of the Board of Directors will be sent to each Director in writing, by fax or via e-mail or through other allowed legal means of communication to the address and fax number of the said Director. Each director shall have the obligation to notify the company in writing, by fax, e-mail or through other allowed legal means of communication regarding change of address and/or fax number, as applicable, and will not be able to oppose to the company the change of the address and/or fax number, if they have not been communicated in writing by the Director.

The notice concerning the meeting of the Board of Directors shall mention the date and time of the meeting, as well as the fact that meeting will be held at the headquarters of the company (except when the Directors decide to hold the meeting elsewhere, in which case the address will be included).

The meetings of the Board of Directors may be also held through electronic means of

communication (including by telephone conference or video-conferences). The notice of Board's meeting will also contain the agenda.

Decisions regarding topics which are not listed on the agenda can be made only in cases of emergency. The Chairman shall decide on the urgency of the matters.

Meetings of the Board of Directors

The Board of Directors operates under its own rules and legal regulations in force.

The Board of Directors is chaired by the Chairman. If the Chairman is temporarily unable to perform its duties, during the said period of time, the Board of Directors may assign another Director to perform as Chairman.

The Chairman appoints a secretary from the members of the Board of Directors or outside of it.

The Board meetings may be held by telephone or video conference or other means of communication by which all persons participating in the meeting can hear each other, and the participation in such a meeting shall be deemed as a participation in person for the purpose of fulfilling the quorum and voting requirements.

Decision-making

For the validity of the decisions of the Board of Directors, the presence of three members from the total number is required; the decisions are taken by the majority of the members present or represented by mandate.

Minutes

The Board's proceedings take place, according to the agenda established and communicated by the Chairman, at least 7 days before the date of the meeting. The proceedings shall be recorded in the minutes of the meeting, which shall be registered in a record sealed and initialled by the Chairman of the Board of Directors.

Each meeting shall have its own minute, which shall include the names of the participants, the order of deliberations, the decisions taken, the number of votes and separate opinions. The minutes shall be signed by the Chairman of the meeting and by at least one other Director. Based on the minutes, the Secretary of the Board of Directors shall draw its resolution, signed by the President.

Delegation

The Board of Directors shall delegate the company's management to the Chief Executive Officer of SNTGN "Transgaz" S.A., which is not the Chairman of the Board. The Chief Executive Officer of SNTGN "Transgaz" S.A. represents the company in the relations with third parties.

Information obligations

The Board of Directors has to provide to the financial auditors the documents of TRANSGAZ S.A. and the activity reports according to the law.

The Board of Directors shall inform within the first General Meeting of Shareholders following the conclusion of the legal act on: - any transaction with the directors or managers, employees, shareholders controlling the company or with a company controlled by them; - the transactions concluded with the spouse, relatives or in-laws up to the fourth degree, including the persons referred to above; - any transaction concluded between TRANSGAZ S.A. with another public enterprise or tutelary public authority, if the transaction has a value, individually or in a series of transactions, of at least the RON equivalent of EUR 100,000.

The Board of Directors has to provide to the General Meeting of Shareholders and the financial auditors the documents of TRANSGAZ S.A. and the activity reports according to the law.

Liability of the Directors

The liability of directors shall be governed by the laws relating to the mandate and the special provisions of the Companies Act no. 31/1990, republished, with the subsequent amendments and supplements.

Incompatibilities

Are incompatible with the membership in the Board of Directors the persons referred to in the Companies Act no. 31/1990, republished, with the subsequent amendments and supplements.

The person who is incompatible with the Director status cannot be the Chief Executive Officer of TRANSGAZ S.A., according to the Companies Act no. 31/1990, republished, with the subsequent amendments and supplements.

The Role of the Board of Directors, Chief Executive Officer and Executives

The Role of the Board of Directors

The main powers of the Board of Directors are the following:

- to set the main activity and development plans of the company;
- to develop the management plan which includes the management strategy for the mandate period to achieve the objectives and performance criteria established by the mandate contracts;
- to approve the internal regulations on the organization and operation of the advisory committees established at the level of the Board of Directors and their structure;

- to establish the accounting policies and the financial control system and to approve the financial planning;
- to approve the organizational structure and rules of organization and operation of TRANSGAZ;
- to appoint and revoke the Chief Executive Officer of Transgaz and establish his/her remuneration;
- to approve the management plan for the mandate period and for the first year in office of the Chief Executive Officer of TRANSGAZ SA;
- to supervise the activity of the Chief Executive Officer;
- to draw up the annual report, organize the General Meetings of Shareholders, and implements its decisions;
- to file the request for opening the insolvency procedure of TRANSGAZ S.A., according to the legal regulations in force;
- to approve the level of guarantees for the persons who have the capacity of managers;
- to conclude legal documents to acquire, alienate, lease, change or pledge assets held by TRANSGAZ S.A., with the approval of the General Meeting of Shareholders when the law provides so;
- to approve the powers of the branches according to business fields (economic, commercial, technical, administrative, financial, legal etc.) in order to fulfil the object of activity of TRANSGAZ S.A.;
- to approve the change in the secondary object of activity of SNTGN „Transgaz” S.A.;
- to approve the setup/closing of working points – facilities belonging to the National Gas Transmission System (SNT);
- to approve the conclusion of any contracts for which it has not granted powers to the Chief Executive Officer of TRANSGAZ S.A.;
- to annually submit to the General Meeting of Shareholders, after the end of the financial year, the report regarding the activity of TRANSGAZ S.A., the balance sheet and the profit and loss account for the previous year;
- to submit to the General Meeting of Shareholders the activity plan and the income and expenditure budget project for the following year;
- to convene the General Meeting of Shareholders whenever needed;
- to establish the rights, obligations and responsibilities of TRANSGAZ S.A. personnel, according to the approved organizational structure;
- to decide on bank loans, including foreign ones; to establish the powers and level of borrowing from the domestic and foreign markets of commercial loans and guarantees, including by pledging shares afferent to shareholdings in other companies according to the law; to approve the release of securities;
- to approve the number of jobs and the normative documents for creation of the functional and production departments;
- to approve the production, research, development and investment programs;
- to approve policies for environmental protection and occupational safety, according to the legal regulations in force;
- to approve, within the limit of the income and expenditure budget approved by the General Meeting of Shareholders, alterations in its structure, within the limits of the powers granted to it;

- to negotiate the collective labour agreement by mandating the Chief Executive Officer and approve the personnel's statute;
- to ensure and be liable for the fulfilment of any other tasks and duties established by the General Meeting of Shareholders or stipulated by the legislation in force;
- to make any other decisions regarding the company's activity, except for those who pertain to the General Meeting of Shareholders.

The structure of the Board of Directors of Transgaz ensures a balance between the executive and non-executive members, so that no individual or small group of individuals can dominate the decision-making process of the Board of Directors.

The decision-making process within the company will remain the collective responsibility of the Board of Directors, which will be held jointly and severally liable for all decisions it made in the exercise of its powers. The independent directors' renunciation to their mandate shall be accompanied by a detailed statement regarding the reasons for such renunciation.

The members of the Board of Directors shall continually update their competences and improve their knowledge regarding the company's activity and best practices of corporate governance in order to fulfil their role.

Appointment of the Members of the Board of Directors

The company set up a Nomination Committee which coordinates the process of appointment of the members of the Board of Directors and makes recommendations both for the position of director and the filling of vacancies thereof, according to the Government Emergency Ordinance 109/2011 regarding the corporate governance in public enterprises.

Remuneration of the Members of the Board of Directors

The company established a Remuneration Committee to develop the remuneration policy for directors and managers. Following the approval of the new structure of Advisory Committees approved by the Decision of the Board of Directors No. 7 of 05.27.2013, the *Nomination and Remuneration Committee* has been established.

The Committee shall submit proposals to the Board of Directors regarding the remuneration of the directors and managers, making sure that these proposals are consistent with the remuneration policy adopted by the company.

The remuneration of the Board of Directors members is made of a fixed monthly allowance and a variable component based on the existing performance indicators.

The remuneration and the other advantages granted to managers and directors are written down in the annual financial statements and in the annual report of the nomination and remuneration committee.

Financial Reporting

Transgaz established initially an Audit Committee. However, following the approval of the new structure of the Advisory Committees by the Board of Directors Decision No. 7 of 27.05.2013, the *Audit and Rating Committee* was established to regularly assess the compliance of financial statements, of internal control and of the risk management system and company's rating.

The members of the committee assist and make recommendations to the Board of Directors regarding the establishment of the accounting and financial control system and the budget and financial planning.

The Committee conducts audit analyses and draws up audit reports based thereon, at the same time verifying the compliance of the drawn up audit reports with the audit plan approved within the company. The Committee supports the members of the Board of Directors in monitoring the credibility and completeness of the financial information provided by the company, particularly by reviewing the relevance and consistency of the accounting standards it has applied.

The Committee cooperates with the company's external financial auditor which provides a report describing all the relationships existing between the latter, on the one hand, and the company and the group to which it belongs, on the other hand.

The Audit Committee monitors the independence and accuracy of the financial auditor, in particular by monitoring the rotation of the partners assigned to the company within the audit firm and makes recommendations to the Board of Directors regarding the selection, appointment, re-appointment, replacement of the financial auditor and terms and conditions of the remuneration thereof.

Conflict of Interests

The members of the Board of Directors shall make decisions in the sole interest of the company and shall not take part in the proceedings or decisions that create a conflict between their personal interests and those of the company or of subsidiaries controlled by it.

Transactions with stakeholders

Each member of the Board of Directors shall make sure that any direct or indirect conflict of interest with the company or a subsidiary controlled by it is avoided, and in the event such a conflict occurs, such member will abstain from debating and voting in respect of the concerned matters, in accordance with the legal provisions in force.

In order to ensure the procedural fairness of the transactions with stakeholders, the members of the Board of Directors use, but without limitation to them, the following criteria:

- maintaining the authority of the Board of Directors or of General Meeting of Shareholders, as the case may be, to approve the most important transactions;
- requesting a prior opinion on the most important transactions from the internal control structures;
- entrusting the negotiations of these transactions to one or several independent directors or to the directors who are not related with the concerned stakeholders;
- resorting to independent experts.

Advisory Committees Established at the Level of the Board of Directors

As of 27.05.2013 by the Decision of the Board of Directors No. 7 of 05.27.2013, the new structure and new members of the Consultative Committees established at the level of the Board of Directors of SNTGN Transgaz SA are approved, as follows:

- Nomination and Remuneration Committee;
- Audit and Rating Committee;
- NTS Safety and Security Committee;
- Strategy and Development Committee;
- Regulatory and Public Authorities Relations Committee.

The template of the **Internal Rules on the organization and operation of the advisory committees established at the level of the Board of Directors**, the form updated on 10.11.2014, may be found on the company's own web page, in the section **Management/Board of Directors**.

The lists of duties of the five advisory committees established within the Board of Directors:

ADVISORY COMMITTEE	MENTIONS	POWERS
NOMINATION AND REMUNERATION COMMITTEE	<p>shall be composed of minimum two members of the Board of Directors;</p> <p>shall be made of non-executive directors, and at least one of the members of the committee shall be a non-executive independent director;</p> <p>the duties of this committee are established by the Corporate Governance Code.</p>	<ul style="list-style-type: none"> ▪ to coordinate the process of appointment of the members of the Board of Directors; ▪ to make recommendations regarding both the position of director, and the filling of vacancies within the Board of Directors; ▪ to assess the accrual of professional competences, knowledge and experience within the Board of Directors; ▪ to establish the requirements for filling a certain position in the company's management; ▪ to apply the best practices of corporate governance by improving knowledge regarding the company's business and permanently updating the professional skills of the members of the Board of Directors; ▪ to draw up the remuneration policy for directors and managers;

		<ul style="list-style-type: none"> ▪ to submit for approval of the General Meeting of Shareholders this remuneration policy; ▪ to inform about the remuneration policy in the Articles of Incorporation/Corporate Governance Rules of the company; ▪ to present in the Annual Report the total amount of direct and indirect remuneration of the directors and managers, separated by fixed and variable components of such remuneration; ▪ in establishing the remuneration of the non-executive directors, to comply with the principle of proportionality of such remuneration with the responsibility and time dedicated to the exercise of their roles; ▪ to draw up an annual report regarding the remuneration and other benefits granted to directors and managers during the financial year, report which shall be submitted to the General Meeting of Shareholders and contain the information stipulated in article 55 paragraph (3) of the Government Emergency Ordinance No. 109/2011 regarding the corporate governance of public enterprises; ▪ if necessary, it may resort to assistance from external experts to fulfil the required duties.
AUDIT AND RATING COMMITTEE	<p>shall be composed of minimum two members of the Board of Directors;</p> <p>shall be made of non-executive directors, and at least one of the members of the committee shall be a non-executive independent director;</p> <p>will meet whenever necessary, but at least twice a year (at the end of the first semester and at the end of the year);</p> <p>the duties of this committee are established by the Corporate Governance Code.</p>	<ul style="list-style-type: none"> ▪ to assist and submit recommendations to the Board of Directors in order to establish the accounting and financial control system, the budget-financial planning; ▪ to assist the Board of Directors in fulfilling its duties in the field of financial reporting, internal control, risk management and Company's rating; ▪ to regularly examine the effectiveness of the financial reporting, internal control and risk management system adopted by the company; ▪ to meet whenever necessary, but at least twice a year when the annual and half-yearly results are drawn up, to ensure their dissemination to the shareholders and the general public; ▪ to verify the compliance of the audit reports drawn up with the audit plan approved at company level; ▪ to support the Board of Directors in monitoring the credibility and

		<p>completeness of the financial information provided by the company, especially by reviewing the relevance and consistency of the accounting standards it has applied;</p> <ul style="list-style-type: none"> ▪ to cooperate with the company's external financial auditor which provides a report describing all the relationships existing between the latter, on the one hand, and the company and the group to which it belongs, on the other hand; ▪ to make recommendations to the Board of Directors regarding the selection, appointment, re-appointment, replacement of the financial auditor and the terms and conditions of its remuneration; ▪ to monitor the independence and fairness of the financial auditor in particular by monitoring the rotation of the partners dedicated to the Issuer within the audit firm; ▪ to perform the duties stipulated in article 47 of the Government Emergency Ordinance No. 90/2008 as amended by law No. 278/2008, in accordance with article 34 paragraph (3) of Government Emergency Ordinance No. 109/2011.
NTS SAFETY AND SECURITY COMMITTEE	<p>shall be composed of minimum two members of the Board of Directors;</p> <p>at least one committee member must be an independent non-executive director;</p> <p>the duties of this committee are established by the Corporate Governance Code.</p>	<ul style="list-style-type: none"> ▪ to regularly analyse the list of critical infrastructure objectives of Transgaz and the established security measures; ▪ to ensure the conditions needed to implement the protection measures of all the critical infrastructure objectives of the company or under the authority/coordination of the company; ▪ to monitor/update its own programs for prevention and fight against terrorism through optimal measures of physical and organizational protection, making recommendations in this respect to the Board of Directors; ▪ to monitor the performance of the programs of maintenance and upgrading of the NTS, as well as the compliance with the technical normative documents of operation and maintenance of the production capacities.
STRATEGY AND DEVELOPMENT COMMITTEE	<p>shall be composed of minimum two members of the Board of Directors;</p>	<ul style="list-style-type: none"> ▪ to assist the Board of Directors in fulfilling its responsibilities regarding the elaboration and update of the Company's general development strategy;

	<p>at least one committee member must be an independent non-executive director;</p> <p>the duties of this committee are established by the Corporate Governance Code.</p>	<ul style="list-style-type: none"> ▪ to analyse the identified business development opportunities, and make related recommendations to the Board of Directors; ▪ to analyse and assist the Board of Directors with regard to the Company's development and international cooperation guidelines; ▪ to monitor and analyse the fulfilment of strategic and action plans / programmes regarding the obligations of Transgaz as technical operator of NTS and stock exchange issuer; ▪ to develop proposals regarding the improving and making the strategic, development and collaboration activity more efficient; ▪ to submit recommendations to the Board of Directors regarding the efficient operationality of strategic and action plans/ programmes; ▪ to monitor and analyse the fulfilment of the performance indicators of the transport and economic-financial performance system of the company's activity.
REGULATORY AND PUBLIC AUTHORITIES RELATIONS COMMITTEE	<p>shall be composed of minimum two members of the Board of Directors;</p> <p>the duties of this committee are established by the Corporate Governance Code.</p>	<ul style="list-style-type: none"> ▪ to assist the Board of Directors in analysing the company's regulatory activity and legal obligations in this field; ▪ to monitor the company's observance of the obligations stipulated in the regulations referring to the pursued activity; ▪ to analyse and provide the Board of Directors with proposals regarding the regulatory framework; ▪ to monitor the collaboration relations with public authorities, and assist the Board of Directors in establishing and managing the collaboration policy.

Name of the Committee	Members of the Committee
Nomination and Remuneration Advisory Committee	Sterian Ion Cernov Radu Ștefan Iliescu Bogdan George
Strategy and Development Advisory Committee	Sterian Ion Văduva Petru Ion Iliescu Bogdan George Neacșu Vlad Nicolae (until January 24, 2014) Vulpescu Dumitru Remus (from February 10, 2014 – cf. Decision of the Board of Directors no.

	2/10.02.2014) RizoIU Andrei (from June 16, 2014 – cf. Decision of the Board of Directors no. 21/16.06.2014)
Regulatory and Public Authorities Relations Advisory Committee	Sterian Ion Văduva Petru Ion Cernov Radu Ștefan
NTS Safety and Security Advisory Committee	Sterian Ion Văduva Petru Ion Neacșu Vlad Nicolae (until January 24, 2014) Vulpescu Dumitru Remus (from February 10, 2014 – cf. Decision of the Board of Directors no. 2/10.02.2014) RizoIU Andrei (from June 16, 2014 – cf. Decision of the Board of Directors no. 21/16.06.2014)
Audit and Rating Advisory Committee	Cernov Radu Ștefan Iliescu Bogdan George Neacșu Vlad Nicolae (until January 24, 2014) Vulpescu Dumitru Remus (from February 10, 2014 – cf. Decision of the Board of Directors no. 2/10.02.2014) RizoIU Andrei (from June 16, 2014 – cf. Decision of the Board of Directors no. 21/16.06.2014)

Information regarding the Executive Management

The Board of Directors delegated the company's management to a manager, who is appointed Chief Executive Officer, who represents the company in relation to third parties, and to whom are subordinated two deputy chief executive officers and executive officers.

The Chief Executive Officer is appointed by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee. He/she may be appointed from the directors, thus becoming an executive officer, or outside the board of directors.

The person who is incompatible with the Director status cannot be the Chief Executive Officer of Transgaz, according to Law no. 31/1990, regarding the trade companies, republished, with the subsequent amendments and supplements.

The Director elaborates and provides the board of directors with a management plan for the mandate term and for the first year of mandate, including the management strategy to fulfil the objectives and performance criteria established in the mandate agreement.

The management plan must be correlated to and develop the management plan of the board of directors, and it shall be submitted for their approval.

The assessment of directors' activity by the board of directors shall be focused on both the execution of the mandate contract, and the management plan.

Responsibilities of the Chief Executive Officer

The Chief Executive Officer is appointed by the Board of Directors, from the members of the board or outside the board.

The Chief Executive Officer has mainly the following duties:

- to apply the strategy and development policies of TRANSGAZ S.A, as established by the Board of Directors;
- to develop and submit for approval to the Board of Directors the management plan for the period of the mandate and for the first year of the mandate;
- to employ, promote and dismiss the employed personnel, in accordance with the law;
- to appoint, suspend or revoke the appointment of executive officers and directors at the level of branches;
- to participate in the negotiation of the collective labour agreement, the negotiation and conclusion of which will be carried out in accordance with the law, within the powers given by the Board of Directors;
- to negotiate the individual labour agreements, in accordance with the law;
- to conclude legal documents, for and on behalf of TRANSGAZ S.A., within the limits set by the decisions of the Board of Directors;
- to establish the duties and responsibilities of TRANSGAZ S.A personnel;
- to approve the collection and payment operations, in accordance with the legal powers and the company's updated Memorandum of Association;
- to approve the operations of sale and purchase of goods, within the powers delegated by the Board of Directors;
- to give powers to the executive officers, the branch managers and to any other person for the exercise of any duties within their respective jurisdictions;
- to fulfil any other duties that they have been entrusted with by the board of directors.

Duties of Executive Officers

The executive officers and branch managers are appointed by the Chief Executive Officer and answer to him/her; they are employees of TRANSGAZ S.A., perform its operations and are liable both before it and before the Board of Directors for the fulfilment of their duties.

The duties of the executive officers and branch managers are set by the Rules of Organization and Operation of TRANSGAZ S.A.

The persons who are incompatible according to Companies Act no. 31/1990, republished, with subsequent amendments and supplements may not exercise the function of Executive Officers or branch managers.

The Decisions on the current activity and operation of Transgaz SA shall be taken only by the persons who are part of the management structure of the company, the intervention of any other person or public entity in making these decisions being prohibited.

Rights of the Holders of Financial Instruments of the Issuer

All holders of financial instruments issued by Transgaz, of the same type and class of securities benefit from equal treatment, and the company shall permanently make efforts to achieve effective, active and permanent communication for the exercise of such rights in a fair manner.

All Transgaz shareholders shall be treated fairly. All issued shares give their holders equal rights; any amendment of the rights conferred by such shares shall be subject to the approval of the shareholders directly affected during the special meetings of the concerned holders.

Transgaz shall make all diligences to facilitate the participation of shareholders in the proceedings of the General Meetings of Shareholders, of the dialogue between the shareholders and the members of the Board of Directors and/or the management and full exercise of their rights. The participation of the shareholders to the proceedings of the General Meetings of Shareholders is fully encouraged, and for shareholders who cannot attend the meetings, the possibility of absentee vote is provided - based on a special power of attorney - or by mail.

The company created a special section, called *Investor Relations*, on its own web site, where relevant information regarding the procedures for access and participation in the General Meeting of Shareholders (GMS), GMS convocations, supplements to the agenda of the GMS, Board of Directors answers to questions asked by shareholders, current reports, the company's financial statements, the exercise of the voting rights during GMS, materials on the GMS agenda, templates for special powers of attorney, financial calendar, corporate governance, etc. of the company are constantly updated and accessible, thus contributing to transparent and fair information of all the stakeholders.

At the same time, Transgaz set up a specialized organizational structure for the management of the capital market activity, namely the - *Service for Investors and Rating Agencies* - the activity of which is dedicated to the relationship with the investors and shareholders. The personnel of the service are constantly prepared/instructed/trained from a professional standpoint in respect of the matters concerning the company's relationship with its shareholders, the principles of corporate governance, management, customer relationship.

Transparency

Transgaz regularly and continually reports in respect of important events concerning the company, including, but without being limited to financial standing, performance, ownership and management, both to mass-media and on its own website (www.transgaz.ro).

The company prepares and distributes relevant regular and continuous information in accordance with the International Financial Reporting Standards (IFRS) and other reporting standards, namely environmental, social and management standards (ESG – Environment, Social and Governance). Information is distributed both in Romanian and in English.

The company organizes twice a year meetings with financial analysts, brokers, market specialists and investors, on the occasion of the distribution of the annual and semi-annual financial statements, which are relevant materials for investment decisions.

Corporate Information Regime

The Board of Directors sets the corporate policy for information distribution, in compliance with the legislation in force and the company's Memorandum of Association, this policy guarantees equal access to information by shareholders, investors and significant shareholders and does not allow abuses regarding confidential information or information about "transactions with oneself".

Social Responsibility (CSR)

Corporate Social Responsibility is a matter of corporate governance, through which a number of socially responsible actions that can be quantified in terms of sustainability and durable performance, were initiated, at company level.

Against the current background of globalisation, sustainable development and competitiveness, companies are increasingly being assessed not only based on their economic performance, management quality and communication policy, but also on their contribution to the social life of the community they belong to.

In this respect, the EU developed a set of principles aimed at two dimensions of the relationship between company and community, the *internal dimension* and the *external dimension* and recommended companies to incorporate these principles into codes of conduct and to report with regard to the manner in which they applied them.

SNTGN TRANSGAZ SA Mediaș, consistent in its efforts of applying a responsible management in the process of completing its mission, is aware that sometimes financial support for a noble cause or an important goal is essential, and, therefore, through the social responsibility programmes and projects the company initiated, it became an active part of community life, proving its quality of "*good citizen*".

The key role TRANSGAZ plays in the Romanian and European energy field is naturally supplemented by its desire to support the real needs of all those who make an on-going contribution to the smooth operation of its business.

A component of TRANSGAZ strategy of sustainable development, *the social responsibility policy* is aimed at constantly increasing the company's degree of awareness in respect of employees, shareholders, partners, community and environment, as well as at increasing the efficiency of the impact of its social responsibility programmes.

The commitment the company management undertakes by its “*Policy Statement on the Quality-Environment Integrated Management System*” is solid proof that TRANSGAZ is aware of the importance of ensuring an organisational climate where all stakeholders: employees, shareholders, clients, suppliers, community and environment can interact efficiently and responsibly, both at an economic and social level.

The company's policy on social responsibility is based on a set of principles which define this interaction between the company, on the one hand, and employees, shareholders, partners, community and environment, on the other hand.

The priority areas where TRANSGAZ develops social responsibility programs are: *sports, community development (places of worship, schools, and kindergartens), education, art and culture, humanitarian actions, health (hospitals), environment.*

SPORTS

We are among those who believe that sport has the power to ensure harmony between body and mind!

COMMUNITY DEVELOPMENT

We are where needed!

EDUCATION

We believe in the potential of young generation and therefore we invest in its education!

ART AND CULTURE

Culture means perfect and equal human development in all respects, and we are with those who want that!

HUMANITARIAN ACTIONS

TRANSGAZ is always close to those who need real help!

HEALTH

We take care of your health as if it were our own!

ENVIRONMENT

We all want a healthy life and a clean environment, and therefore we are concerned about everything that is around us!

Moreover, starting with 2011, SNTGN TRANSGAZ SA Mediaș can be found on www.responsabilitatesocială.ro both in the section of responsible company's profiles and in the section case studies/ENVIRONMENT section/ GREEN OLYMPICS project – a project which won an award at the GREEN BUSINESS GALA in December 2010.

In 2012, on the website www.csrmedia.ro Transgaz makes **its first appearance on the Romanian CSR map** with on-going projects, and in the companies section, with a substantial article dedicated to **The Annual C.I.Motaș Prize**, a CSR project organised for the third time in 2012.

While maintaining financial prudence and transparency, the communication and CSR actions proposed for 2014 have been rigorously designed in terms of structure and value and meet the reporting requirements incumbent of TRANSGAZ as issuer of securities and growth requirements of the image and reputation capital of the company.

In 2014, the corporate volunteering campaign **"A Gift – A Smile"** was organised on June 1, an occasion for the company to give toys, drawing and painting items, and sweets to a number of 130 children from a special school.

By means of all the objectives set in relation to social corporate responsibility and by the sponsorship actions and donations initiated, SNTGN Transgaz SA Medias ethically commits to and contributes, by transparent and responsible business practices, to the sustainable development of economy and social cohesion, as well as to the improvement of the quality of life of the employees and their families and of the local community and society in which it operates.

In 2014, the Retrospective Report 2010-2014 was drafted with all social responsibility actions carried out by Transgaz. For more information visit www.transgaz.ro/link/responsabilitatesociale.

Tradiție și experiență în transportul gazelor naturale

www.transgaz.ro

Responsabilitate permanentă față de oameni și mediu

“Apply or Explain” Statement

Principle/ Recommendation		Question	YES	NO	If NO, then EXPLAIN
P19		Is the issuer managed in a two-tier system?		X	SNTGN TRANSGAZ SA has a one-tier management system and is managed by a Board of Directors. The Board of Directors has general competence for carrying out all actions necessary for successfully fulfilling the company's object, except for the matters falling within the competence of the General Meeting of Shareholders, according to the provisions of the Memorandum of Association, as updated on 03.10.2014 or to the applicable laws.
P1	R1	Has the issuer drawn up Articles of Incorporation/Rules of Corporate Governance describing the main aspects of corporate governance?	X		The company drew up, in 2010, the <i>Rules of Corporate Governance of SNTGN Transgaz SA Medias</i> , a document which was approved during the General Meeting of Shareholders of 02.03.2011.
		Are the Articles of Incorporation/Rules of Corporate Governance posted on the website of the company, also indicating the date when it was last updated?	X		
	R2	In the Articles of Incorporation/Rules of Corporate Governance, are the corporate governance structures, functions, powers and responsibilities of the Board of Directors (BD) and the executive management defined?	X		
	R3	Does the issuer's Annual Report provide a chapter dedicated to corporate governance describing all the relevant events related to corporate governance, occurred during the previous financial year?	X		
		Does the issuer distribute information through the company's website in respect of the following aspects regarding its corporate governance policy: a) description of its corporate	X		

Principle/ Recommendation		Question	YES	NO	If NO, then EXPLAIN
		governance structures?			
		b) updated Memorandum of Association?	X		
		c) internal rules of operation / its essential aspects for each commission/specialized committee?	X		
		d) "Apply or Explain" Statement	X		
		e) list of the members of the BD, mentioning the independent and/or non-executive members and of the members of the executive management and/or specialized committee /commissions?	X		
		f) a short CV version for each member of the BD and of the executive management?	X		
P2		Does the issuer observe the rights of the holders of financial instruments issued by it, providing them with a fair treatment and submitting for approval any change to the rights conferred, during the special meetings of the concerned holders?	X		
P3	R4	Does the issuer publish, in a dedicated section of its website, details regarding the General Meeting of Shareholders (GMS): a) the notice of convocation to the GMS?	X		
		b) the materials/documents corresponding to the agenda and any other information regarding the items on the agenda?	X		
		c) special power of attorney forms?	X		
	R6	Has the issuer drawn up and proposed to the GMS procedures for the orderly and efficient progress of the GMS works, without prejudice to the right of every shareholder to freely express his opinion on the matters under debate?	X		
	R8	Does the issuer disseminate, in a dedicated section on its own website, the rights of its shareholders, as well as the rules and procedures for attending the GMS?	X		
		Does the issuer provide information in due time (immediately after the GMS) of all the shareholders through the dedicated section of its own website: a) regarding the decisions made by	X		

Principle/ Recommendation		Question	YES	NO	If NO, then EXPLAIN
		the GMS?			
		b) regarding the detailed result of the vote?	X		
		Do the issuers disseminate through a special section on their own web page, easily identifiable and accessible: a) current reports/press statements?	X		
		b) the financial calendar, annual, semi-annual and quarterly reports?	X		
	R9	Is there within the company of the issuer a specialized department/special person dedicated to the relationship with the investors?	X		
P4, P5	R10	Does the BD meet at least once per quarter to monitor the issuer's activity?	X		
	R12	Does the issuer have a set of rules regarding the conduct and obligations of reporting of transactions in shares or other financial instruments issued by the company ("company's securities") carried on their own account by the directors and other stakeholders?	X		
		If a member of the BD or the executive management or another stakeholder carries out, for one's own account, a transaction with the company's securities, then is the transaction disseminated through the company's own website, according to the related rules?		X	Information is disseminated by the investment firm (SSIF) with which the transaction is made. These notifications will be published on the BSE website.
P6		Does the structure of the Issuer's Board of Directors ensure a balance between the executive and non-executive members (and particularly from the independent non-executive directors) so that no individual or small group of people is able to dominate, in general, the decision-making process of the BD?	X		
P7		Does the structure of the Board of Directors of the issuer provide a sufficient number of independent members?	X		
P8	R15	In its activity, is the BD provided with support from the Advisory Committees/Commissions to examine specific themes, chosen by the BD, and for its advice on these topics?	X		
		The Advisory Committees / Commissions will submit Activity	X		

Principle/ Recommendation		Question	YES	NO	If NO, then EXPLAIN
		Reports to the BD regarding the themes it has entrusted?			
	R16	Does the Board of Directors use the criteria listed in Recommendation 16 to assess the independence of its non-executive members?	X		
	R17	Do the members of the BD constantly improve their knowledge through training/education in the field of corporate governance?	X		
P9		Is the election of the members of the BD based on a transparent procedure (objective criteria regarding the personal/professional qualification, etc.)?	X		
P10		Is there a Nomination Committee within the company?	X		
P11	R21	Does the Board of Directors review at least once a year the need to set up a Remuneration Committee/remuneration policy for directors and the members of its executive management?	X		
		Is the remuneration policy approved by the GMS?	X		
	R22	Is there a Remuneration Committee made up exclusively of non-executive directors?	X		
	R24	Is the company's remuneration policy presented in the Articles of Incorporation/Rules of Corporate Governance?	X		
P12, P13	R25	Does the issuer disseminate in English the information subject to reporting requirements: a) regular information (provision of regular information)?	X		
		b) continuous information (provision of continuous information)?	X		
		Does the issuer also prepare and disseminate IFRS financial reporting?	X		
	R26	Does the issuer promote, at least once a year, meetings with financial analysts, brokers, rating agencies and other market professionals, in order to present financial elements relevant for the investment decision?	X		
	R27	Is there an Audit Committee within the company?	X		
	R28	Does the BD or the Audit Committee, as the case may be, examine	X		

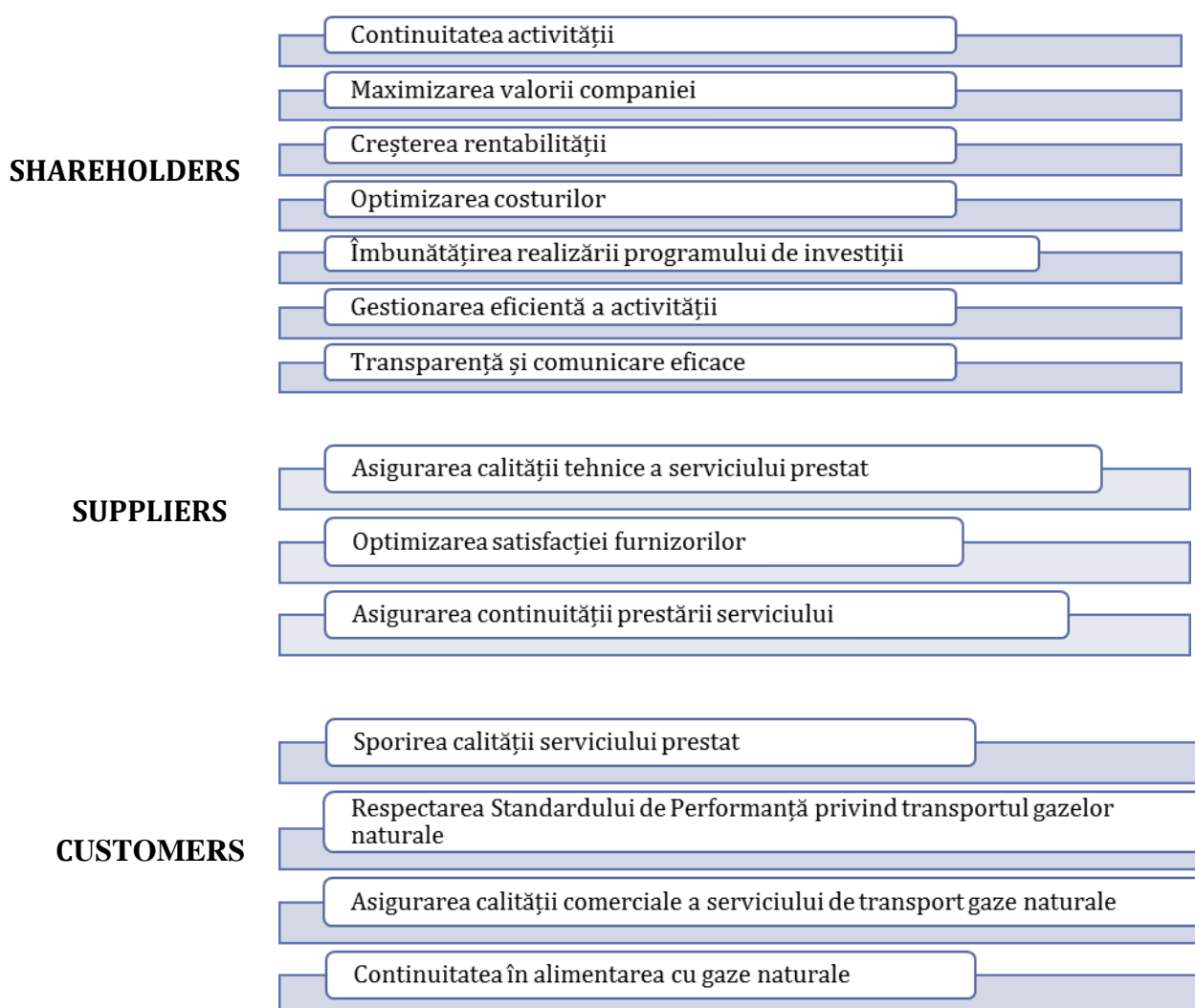
Principle/ Recommendation		Question	YES	NO	If NO, then EXPLAIN
		regularly the effectiveness of financial reporting, internal control and risk management system adopted by the company?			
	R29	Is the Audit Committee made up exclusively of non-executive directors and does it have a sufficient number of independent directors?	X		
	R30	Does the Audit Committee meet at least twice a year, such meetings being dedicated to drawing up and disseminating to shareholders and public the semi-annual and annual results?	X		
	R32	Does the Audit Committee make recommendations to the BD regarding the selection, appointment, re-appointment and replacement of the financial auditor, as well as the terms and conditions of its remuneration?	X		
P14		Has the BD adopted a procedure to properly identify and settle conflict of interest situations?		X	Such situations are regulated by the applicable legislation.
P15	R33	Do the directors inform the BD in respect of the conflicts of interest as they arise and abstain from debates and vote on the matters concerned, in accordance with the applicable legal provisions?	X		
P16	R34/ R35	Has the BD adopt specific procedures in order to ensure the procedural correctness (criteria for identifying transactions with significant impact, transparency, objectivity, non-competition, etc.) in order to identify transactions with stakeholders?		X	Such situations are regulated by the applicable legislation.
P17	R36	Has the BD adopted a procedure regarding the internal circuit and the disclosure to third parties of documents and information relating to the issuer, paying special attention to information that may influence the evolution of the market price of the securities issued by it?	X		
P18	R37/ R38	Does the issuer carry out activities related to Corporate Social and Environmental Responsibility?	X		

Relationship with stakeholders

The general and specific strategic objectives of SNTGN TRANSGAZ SA activity are established in the context of alignment with the new European energy policy requirements on safety and energy security, sustainable development and competitiveness.

In this context, the implementation and development of corporate governance principles, development of responsible, transparent, business practices is increasingly becoming a necessity in the foundation and implementation of business strategies and corporate policies.

Subscribing to this goal, SNTGN TRANSGAZ SA Mediaș also pursues its own governance and regulation, ensuring a rigorous scaling and regulation framework of corporate governance at company level, the development of an effective and proactive relationship system in regard to the shareholders and stakeholders.



Romanian Energy	Transparență
	Respectarea reglementărilor ANRE
	Asigurarea optimă a exploatării și mentenanței SNT
	Conlucrarea în vederea definirii și îndeplinirii cerințelor OST
	Gestionarea și operarea eficientă a SNT
STATE AUTHORITIES	Transparență și comunicare
	Conlucrare eficientă
	Etică profesională
	Raportări corecte și la termen
MEDIA	Acces direct la informațiile publice
	Optimizarea capitalului de imagine și reputațional al societății
	Deontologie profesională în colaborări
PUBLIC OPINION	Transparență
	Îmbunătățirea imaginii de firmă
	Responsabilitate socială corporativă
	Respect pentru mediu și sustenabilitate
EMPLOYEES	Transparență și comunicare, etică profesională
	Stabilitatea operațională a activității
	Dialog social
	Dezvoltare durabilă a societății
	Motivare corespunzătoare
	Optimizare climat organizațional

Transgaz Directors consider that by acting in the spirit of best corporate governance practices, the established objectives can be achieved and the trust capital of

stakeholders in the capabilities of the company to ensure maximum business efficiency shall increase.

ANNEX 2 HSSEQ ACTIVITIES

Activities in the field of Health and Occupational Security

Between 01.01.- 31.12.2014, the health and occupational security activity was mainly focused on compliance with the legislation provisions, taking all measures to ensure the safety and health of workers, in particular on the performance of the "Prevention and Protection Plan".

In order to reduce and/or eliminate the risk of on-site occupation accidents and illnesses, the company organized specific actions which contributed to the materialization of the planned measures, with a priority set on technical, organizational and sanitary-medical activities.

Here are some aspects resulting from the analysis of how prevention and protection measures have been completed in the company:

A. The organizational measures carried out according to the plan:

- The medical examination of employees was carried out according to the legal requirements in force, by means of specialized labour medicine companies; Service provision contracts were concluded with specialized labour medicine companies which ensure specific traffic safety inspections and first aid courses;
- According to the legal provisions in force, new types of individual protection equipment were procured and brought into service, selected and approved for procurement during CSSM meetings, for the proper equipment of employees, as there are disruptions in the supply of the necessary quantities required by the territorial facilities, at deadlines. During 2014 the supply of personal protective equipment was performed with disruptions in spite of the existence of frame contracts for the main types of PPE with a two-year term ending in 2015. The deliveries for the contracts concluded in 2013 were carried out in the first and second quarters and in the third and fourth quarter insufficient quantities of personal protective equipment were procured which were especially delivered in December 2014. We underline that the items from the delivered batches of safety shoes and boots were tested at the National Institute for Research and Development in Environmental Protection (INCDPM) of Bucharest in order to check their compliance with the application protection requirements, and whether they are consistent with the tendered product sample.
- The actions referring to the ***"Identification and assessment of the occupational accident and illness risk"*** have continued by new risk assessments drafted by the assessment teams created in the company and at the working points of the Territorial Exploitation Sites. Consequently, based on these studies (the results of the assessments), the **annual Prevention and**

Protection Plans - 2015 were elaborated for every Territorial Exploitation Site, Mediaș Branch and Company headquarters.

- The on-going contract with the Association SC Service Implementare Producție SA Petrila (association leader) and SC ROMCONSULT LTD SRL Mediaș (associate) has been concluded for the elaboration of the technical documentations for 200 lucrative facilities to obtain the Ex. certificates (SRM, SCV, and N.T.) in order to be submitted to INSEMEX Petroșani. Thus, the legal provisions resulting from Law no. 319/2006 on occupational safety and health, Government Resolution no. 1058/2006 on the minimum requirements for improving the safety and health of workers who may be exposed to a potential risk generated by explosive atmospheres are fulfilled.
- In the fourth quarter of 2014 the service contract with INCD-INSEMEX Petroșani was concluded to examine in situ the installations where potentially explosive atmospheres may appear and issue of the conformity certificates for 255 facilities, for which the necessary technical documentation were drawn;
- In 2014 the provisions of the Government Resolution no. 300/2006 concerning the minimum safety and health requirements for temporary or mobile construction sites were implemented. Thus, the Design and Research Department and authorized designers draw the Safety and Health Plan from the design stage, and when the project is submitted for approval to the CTE, the "Safety and Health Plan" is presented and the health and safety coordinators are appointed for the execution period of all works. The Government Resolution no. 300/2006 was also implemented at the level of territorial exploitation units and Mediaș Branch;
- For the implementation and certification of the occupational health and safety management system, according to OHSAS 18.001- Occupational Health and Safety Assessment System, a consultancy contract was concluded with S.C. PRISMA QALITY SRL from Ploiești. Under the consultancy contract the following stages were performed:
 - Training the management team.
 - Training the OSH inspectors.
 - Draw up documents.
 - Training the internal auditors.
 - Implement documents.
 - Perform an internal audit.
 - Support Transgaz in the certification process.
- During 06 - 11.10.2014 the certification audit of the integrated management system Quality - Environment - Occupational Safety and Health was performed within Transgaz, conducted by SRAC Romania after which the fact that the company has and maintains an implemented management system of occupational health and safety under the conditions of OHSAS 18001/2008 has been confirmed;
- In 2014, specialists within Transgaz (engineers - energy responsible persons, electricians) were authorized and reauthorized in the EX field at INCD - INSEMEX Petroșani;
- In 2014, a service contract was concluded for noise and vibration measurements at the compression stations and SRM with INCDPM Alexandru Darabont

Bucharest, which was completed in December. After these measurements, noise maps were drawn up at the compression stations and measures were proposed to reduce noise and thus reduce the workers' exposure to such contaminant.

In 2014, the activity of the Occupational Safety and Health Committee set up within SNTGN TRANSGAZ SA Medias was reorganised by setting up Occupational Safety and Health Committees in every Territorial Exploitation and Medias Branch.

B. Technical measures

During the year, the performance of technical measures set out in the Prevention and Protection Plan for 2014 was aimed, taking into account the ***S.N.T.G.N. Transgaz Medias Projects*** regarding the modernization policy of the ***National Transportation System***, of which we note:

- Recondition of the electrical and grounding installations at the working points named in the PPP;
- Modernisation of the social groups and connection to the drinking water supply at the working points named in the PPP;
- Performance of modernization and sanitation works at the operators' houses established in the PPP.

C. Sanitary and hygienic measures

In order to implement the sanitary and hygienic measures (providing sanitary and hygienic materials, completing/replacing the components of the first aid sanitary kits, pest control and deratization, protection food) contracts were concluded by the company and followed by the specialized services (Supply Service, Administrative Service) with companies providing the necessary materials and ensuring the concerned services.

D. Other measures

Actions of training, guidance and themed control were conducted by the OSH inspectors within the Occupational Health and Safety Service, in accordance with the ***Control Program***, drawn up by the Security and Protection Directorate and approved by the Chief Executive Officer. Thus, through specific means, the company managed to supervise the activity in all types of work places and remedy any lack of conformity in an operative manner.

Report of incidents (working events and emergencies) occurred in SNTGN TRANSGAZ SA Medias

Regarding work accidents, we note that SNTGN TRANSGAZ recorded in 2014 two **accidents on the journey to or from work** resulting in temporary incapacity for work, as follows:

1. Medias Division, Medias Territorial Exploitation - road - traffic accident while an employee was travelling from home to work, with a total of 35 days of incapacity for work.
2. Câmpina Division, Bucharest Territorial Exploitation - road - traffic accident while an employee was travelling from home to work, with a total of 170 days of incapacity for work.

Please note that accidents on the journey to or from work are recorded as work accidents by the company but they are not related to the work process.

No occupational illnesses and hazardous incidents were recorded in SNTGN TRANSGAZ S.A. Mediaş in 2014.

As for the contraventions applied to SNTGN TRANSGAZ S.A, please note that the company received contravention sanctions for failure to observe occupational health and safety provisions amounting to:

- **3,500 lei** for failure to report the event occurred in SCV CAROI on 27.11.2013- sanction imposed by Mureş Territorial Labour Inspectorate recorded in a Protocol of finding and sanction no. 1995 / 06.03.2014;
- **4,000 lei** for violation of article 13, letter j of Law no. 319/2006. (acceptance to work of employees whose medical examination was overdue), sanction imposed by Constanţa Territorial Labour Inspectorate recorded in a Protocol of finding and sanction no. 015773/03.07.2014.

The events produced and investigated in SNTGN Transgaz SA Mediaş in 2014 - include a **number of 6 events which were not classified as work accidents** as follows:

- 5 situations in which some employees became ill during working hours;
- 1 case of road-traffic accident or a buffer during a trip by car during working hours.

With regard to the **expenses outlined in the expense budget** for ensuring occupational health and safety for 2014, please note that **the total amount is of 3.5 million lei**, an amount that does not include the expenses incurred as investment funds for the upgrading of technological equipment and production and office areas.

Given the above, we consider that the activities performed in the field of prevention of occupational accidents and occupational illnesses and of improving the occupational safety and health of workers at work was very good, with zero work accidents in 2014. The labour discipline was greatly improved due to the measures taken after the research of the events which occurred at the end of 2013 and during 2014.

Activities in the field of environmental protection

Legal framework and certificates

The activity in the field of environmental protection mainly focused on compliance with and observance of the legal regulations and those imposed by environmental permits and water management.

Thus, in 2014, 4 files were submitted for the renewal of environmental permits, of which 3 reviewed environmental permits were obtained for the territorial exploitations which have submitted the documentation.

In the company there are 18 environmental permits, which authorize a number of 1180 objectives.

As far as water management permits are concerned, the applicable legislation requires getting the regulatory documentations for all the objectives built on waters or which are related to waters.

The company has 126 water management permits for water courses crossed by natural gas transportation mains, of which 29 were renewed in 2014.

As required by the authorities in the field, all the projects run by the company, were recorded in SIM (computer application of the National Agency for Environmental Protection). As such, the electronic recording for a number of 67 projects was performed in order to obtain the environmental agreements related thereto.

During 2014, the documentation for the authorization in terms of environmental protection of dangerous goods transport activity at company level was submitted at the Environmental Protection Agency Sibiu.

In order to comply with the obligations imposed by the legislation and regulatory documents held by the Company, contracts were concluded during the year for services of physical and chemical analysis of waste from pigging and cleaning of filter elements, waste recovery services from pigging, services for the drafting of documentation for water management permit reviews, physical and chemical analysis services of waste waters.

Reports were drafted monthly and quarterly by the industry authorities according to the obligations from the regulatory documents held by the company.

Expenditures in the field of environmental protection

During the year, the revision of the *Guidelines for filling the budget positions for environmental protection* was performed for a better accounting highlight and the recouping of expenses by clear and precise categories. Thus, **the company's total expenditure for 2014 amounted to 1.7 million lei.**

External/internal inspections and sanctions

During 01.01.2014 - 31.12.2014, S.N.T.G.N. Transgaz S.A was subject to **19 inspections**, of which 12 were carried out by the Environmental Guard – County Commissariats, and 7 by the “Romanian Waters” National Administration. As a result of these inspections, no contraventional sanctions were applied.

The main measures taken for the improvement of the company's activity, according to the inspection reports of the control authorities are:

- notification of environmental authorities of the measures taken for the legal compliance of activities with an impact on the environment;
- removal of contaminated/degraded soil as a result of environmental incidents;
- compliance with the provisions of the environmental permits/water management permits;
- monitoring the pollution sources according to the regulatory documents in force;
- disposal of hazardous wastes;

According to the internal inspection program 7 inspections were performed, namely at the Territorial Exploitations of Bucharest, Arad, Cluj, Craiova, Constanța, Bacău, STC Onești, with the drafting of inspection reports and following the implementation of the measures established.

Quality - Environment Integrated Management System

In order to maintain and improve the Quality - Environment Integrated Management System **10 environmental procedures were developed, 6 of which being revised procedures** (*Developing and monitoring of the Annual Programme of Quality - Environment - Occupational Health and Safety Integrated Management; Identification of environmental protection, occupational health and safety, emergencies legal provisions and requirements applicable to SNTGN TRANSGAZ S.A; Operational controls, Compliance assessment with the legal requirements and other environmental, occupational health and safety, emergencies regulations; Preparation for Emergency Situations and the response capacity, Identification of environmental aspects and assessment of impact on the environment- laboratory*) and **4 being new procedures** (*Communication in the field of environmental protection, Monitoring of pollution sources on SNTGN TRANSGAZ S.A sites - laboratory, Monitoring of environmental regulatory acts of the company - to be finalized, Monitoring of environmental performance - to be finalized*);

Activities performed by the Laboratory of Monitorization of Environmental Factors

The main activities carried out by the Laboratory of Monitorization of Environmental Factors in 2014 consist of:

- **Monitoring of pollution sources**
- **Identification and assessment of environmental aspects in S.N.T.G.N.- Transgaz S.A sites**

These activities are **specific objectives** of the laboratory and a part of the **general objective** of “Reducing the impact of technological processes on the environment” and subsequent to the **strategic objective** of “Sustainable Development”.

The activities are included in the ROF of SNTGN Transgaz SA and are part of **The program of the Integrated Management System for Quality and Environment (SMICM) for 2014, no. DCM 34.449/11.11.2013.**

This program was conducted in a planned manner in accordance with the requirements of the environmental permits issued by the National Agency of Environmental Protection Bucharest and consisted in the systematic performance, on the company's sites, of the following activities:

- noise level measurements;
- technological equipment tightness control for the identification of methane and ethyl mercaptan emissions;
- identification of various situations that do not comply with the environmental protection and/or accidental pollution legislation;
- identification and assessment of environmental aspects;
- elaboration of measurement bulletins, environment assessment sheets and monitoring reports.

Reporting period/ Type of activity	Number of planned sites in 2014	Number of sites verified in 2014	Achieve ment (%)
for the monitoring of pollution sources	716	573	80.03
for the assessment of environmental aspects;	378	335	88.62

Table with the degree of achievement of sources of pollution monitoring and evaluation of environmental aspects - 2014

One of the main objectives achieved in this period was the purchase of a new mobile laboratory with the afferent facilities, necessary for the proper and adequate performance of the monitoring activities in the field required by the relevant legislation and environmental permits of the company.

In addition, regarding the necessary equipment for the laboratory, **all the necessary procurement procedures were started and completed for the necessary equipment requested and approved in the company's programs in 2014.**

Activities in the field of Quality-Environment Management System

Audit Process of the Integrated Management System for Quality, Environment and Occupational Health and Safety

In 2014 audits were carried out in the following organizational structures of the company:

1. Exploitation - Maintenance Department;

2. Operation Department,
3. Economic Department,
4. Information Technology and Communications Office (today IT, Communications and SCADA Department);
5. Organization, Human Resources Office;
6. Internal Control Service
7. Craiova Territorial Exploitation;
8. Constanța Territorial Exploitation;
9. Brăila Territorial Exploitation;

During 06.10 - 10.10.2014 the Audit for the Integrated Management System Certification for Quality, Environment, Occupational Health and Safety was conducted by the Romanian Society for Quality Assurance.

The audit was conducted simultaneously at the main office and at the Territorial Exploitations of Mediaș, Brașov, Craiova, according to the mutually agreed Audit Plan. The Territorial Exploitations audited were selected by the certification body.

The audited department within the main office are:

- Strategy and Corporate Management Department;
- Budgetary Strategy Office;
- National Dispatching Centre;
- Operation Department;
- Commercial Balance Office;
- Gas - Quality Measurement Office;
- Exploitation - Maintenance Department;
- Gas Compression Service;
- Mediaș Branch;
- Training and Works Execution Office;
- Public Procurement and Contracts Office;
- Control Body, Quality, Environment, Safety and Protection Department;
- NTS Rehabilitation Department;
- Development Department;
- Analysis, Inspection and Project Approval Office;
- Heritage and Concessions Service.

The certification body auditors have identified the following areas for improvement:

- a) Breakdown of responsibilities in the areas of Occupational Health and Safety and Emergencies;
- b) Internal Audit of Control Body, Quality, Environment, Protection and Security Department;
- c) Allocation of resources to improve the working environment of Mediaș Branch;
- d) Review of the Document Control procedure in order to simplify the approval method of documents;

- e) Establishing a maximum period for the submission of the explanatory memoranda and attaching them to the supply contracts of explicit requirements for environment, occupational health and safety, emergency situations.
- f) Ensuring the availability and visibility of the Internal Regulation of Occupational Health and Safety in all the locations.

Throughout the audit, the Quality Management Service members accompanied the audit team, ensuring its performance under appropriate conditions, in accordance with the contractual provisions. Our role was to ensure a correct interpretation of the audit team questions and of the answers of the audited colleagues.

The Romanian Society for Quality Assurance audit was completed with the obtaining of the certificates for the integrated management system for quality, environment and occupational health and safety.

Customer Satisfaction Assessment Process

The Customers' rating in 2014 was carried out and completed by a report which shows that:

- 82.50% of all users of the transport network responded, with 26.69% more than the previous year;
- **4 complaints were registered**, which were kept under control while presenting the communications with each applicant;
- **no dissatisfied customers were identified.**

The updating/re-editing process of the Integrated Management System's documents

A new Policy and Commitment of the Chief Executive Officer were established regarding the Integrated Management System for Quality and Environment.

Given the integration of occupational health and safety management system with the existing integrated management system for quality and environment certified by the Romanian Society for Quality Assurance (SRAC), all the general procedures were modified.

The general procedures were converted into system procedures and have been updated:

- PS 01 - Documents Control;
- PS 02 - Registration Control;
- PS 03 - Nonconforming Product Control;
- PS 04 - Corrective Actions;
- PS 05 - Preventive Actions;
- PS 06 - Internal audit of SMICM-OHS.
- the process procedure PP 01- Drafting of the Integrated Management System for Quality, Environment, OSH documents was updated.

- the Manual of the Integrated Management System for Quality, Environment, OSH was updated;
- the process procedure PP 15 - Customer Satisfaction Assessment was updated;

The following are in the process of being updated:

- procedure PP 37 - Process Management;
- The Performed Management Analysis was drafted;
- the document system of the Territorial Exploitations was centralised aiming further for a unified approach of processes and activities;
- the Update Program of documents at the main office was drafted;
- the motivation and awareness of the internal auditors was performed by the training course from 01.09-03.09.2014, at the Area for Restoration of the work capacity and professional training of Constanța;

Guidance was provided for the preparation of the following documents:

- PP 113 - Management Financial Control;
- PP 46 - Inventory and exploitation of state owned goods inventory results;
- PP 109 - Interlaboratory Comparison, second edition
- PP 67 - Reporting to the Capital Market Institutions
- PP 51 - Drafting of Sponsorship Documents
- PP 61 - Internal and External Communication
- PP 124 - Organisation and Performance of BD Meetings
- PP 125 - Organisation and Performance of BD Meetings via electronic means of communication
- PP 126 - Organisation and Performance of GMS Meetings
- PP 127 - Registration of Directors to the Authorities
- IL-PP 124 - 41- Completing BD and GMS files
- IL-PP 126 - 42 - Issuing the GMS Resolution Excerpts

Other activities

Monitoring Exploitation Territorial Audits

- Audit Plans Analysis of all Territorial Exploitations;
- Audit Reports Analysis of all Territorial Exploitations;
- CTE Projects Analysis;
- Auditors Training.

Activities Planning for 2015

1. Professional Training Program
2. Process Audit Program
3. Cross Audit Program (between Territorial Exploitations).

Activities in the field of Protection and Security Guard

The activity of the Protection, Security and Emergency Situations Service (SPPSU) focuses on ensuring the security of property values belonging to "Transgaz", the prevention and limitation of emergencies which may affect the integrity of the N.T.S., record and implementation of actions to mobilize employees at work and the situation regarding the records of requisitioned goods and means of road transport.

1. Fire Protection and Emergencies

- The measures of the Operational Security Plans for the Critical Infrastructure (Assessment and control of fire risks services) were concluded for a total of 35 objectives;
- The procurement of first response materials in the field of fire protection was completed;
- The procurement of testing, recharge and repair of fire extinguishers services was initiated;
- The Fire Fighting and Safety Intervention Plan was drawn up for the main office of SNTGN „TRANSGAZ” S.A. of P-ța G. Enescu, nr.11, Mediaș and it was sent to the County Inspectorate for Emergency Situations Sibiu for approval;
- The drawing up a working procedure was initiated for the Fire Fighting and Safety and Emergency Situations activities of the Company.
- The specific records documents and authority acts in the field of fire protection were updated in accordance with the amendments made in the jobs title list;
- The correlation was ensured of the fire fighting measures with the risk nature of the objectives that have been subjected to the fire risk assessment;
- The annual topic list and the Training Chart in the field of Emergency Situations were drafted and sent to the substructures , as required by law;
- The general introductory training was performed for both new employees, students in practicum and staff outside the unit who performed works in SNTGN TRANSGAZ SA objectives;
- A total of 14 divisions were controlled with their related objectives by the County Inspectorate for Emergency Situations and completed in a favourable manner for the company;
- 4 internal controls were performed in the field of Fire Fighting and Safety, Emergency Situations, Security and Security Guarding at the Territorial Exploitation of Bacău, Territorial Exploitation Bucharest, Territorial Exploitation Constanța and Territorial Exploitation Craiova, included in the annual program of guidance and control;
- The drawing up a working procedure was completed for the Fire Fighting and Safety and Emergency Situations activities of the Company.
- Verification and repair services of the means of first response in the field of Fire Fighting and Safety were performed in the Transgaz objectives;
- The representation in the meetings of the County Committee for Emergency Situations Sibiu was ensured;
- Points of views in the field of Fire Fighting and Safety and Emergency Situations for projects that are subject to endorsement by the CTE;
- The compliance with the terms of transmission were followed regarding the response on how to remedy the deficiencies following inspections performed by the Inspectorate of Emergency Situations representatives;
- Participation in the working meeting for the completion of the "PGM 12" procedure in accordance with the Fire Fighting and Safety and Emergency Situations legislation;
- The technical specifications were drafted and submitted for the procurement of:
 - Services for the drafting of documents to obtain the fire safety authorization for a total of three objectives, issued by the Inspectorate of Emergency Situations and fire risk assessment for a total of 30 objectives;

- Services for the inspection, repair and recharge of fire extinguishers and repair of hydrants installation within the „TRANSGAZ" objectives.
- Dacia Duster 4x4;
- All the prevention and limitation fire means and systems were catalogued and the hydrants locations were identified;
- SPPSU specialized staff attended the acceptance at the end of the rehabilitation and modernization works of STC Șinca, regarding the quality of the works on the automatic detection and automatic fire extinguishing systems.

2. Objectives Protection and Security Guarding

- The risk analysis Reports and Guarding Plans with gendarmes of some objectives were drafted in cooperation with the County Inspectorates of Non - Commissioned Officers of the Gendarmerie for situations of mobilization and / or war;
- The risk assessment was completed in physical security for a number of 1188 sites;
- Rehabilitation and upgrading works of the Command and Civil Protection Shelter are in progress;
- The works for the set up and equipment of the Security Dispatch Centre of SNTGN „TRANSGAZ" were initiated ;
- The procedure for the Guarding Services is being finalized;
- The thefts/reported damages within the objectives belonging to SNTGN TRANSGAZ S.A. were monitored. Thus, throughout the entire year, there were a total of 56 events reported by Fire Fighting and Safety inspectors in the field, the estimated damage amounting to approximately 206,098.00 lei. Among the cases recorded as a result of complaints to the police, 3 cases were recorded as having an unknown defendant.
- Risk assessments were drafted for physical security for three objectives;

3. Security systems

- Maintenance and repair of defective equipment were performed for burglar security systems, access control and video surveillance for several objectives of the company;
- The video surveillance system equipment were replaced at SMG Horia;
- The equipment for the video surveillance system was replaced at the Centre for the Restoration of the Work Capacity Constanța;
- Maintenance and repair of defective equipment were performed for burglar security systems for several objectives of the company;
- The access control system was replaced at the office of Transgaz in -ța G. Enescu, nr.11;
- Maintenance works were performed for the detection, warning, fire alarm and limitation system of Transgaz office in P-ța C. I. Motaș, nr.1;
- The commissioning of the access control system was performed at the Bucharest Subsidiary;
- Security systems were installed in 18 SRM sites without staff;
- Equipment maintenance and replacement was performed for the security systems of DOPG Bucharest;

- The necessity and configuration was established for the access control system of Bucharest Subsidiary;
- The security systems of Bucharest Subsidiary were verified and implemented;
- Maintenance was performed and the security systems were reconfigured for the Bucharest - Victoria Square office;
- The access control system of the Bucharest Subsidiary, office of Bd. Primăverii was accepted and commissioned.
- Establishment works were initiated and are in progress at the Security Dispatch Centre at the office of the Territorial Exploitation Medias;
- Security system maintenance and programming at SRM Dumbrăvița.

4. Critical Infrastructure Protection

- The scenarios of the risk analyses performed for the objective for which Operator Security Plans were drawn have been re-evaluated;
- The Operator Security Plans for critical infrastructure objectives of S.N.T.G.N. TRANSGAZ S.A. are to be finalized and updated to be resent for approval by the new competent authority;
- Certified trainings were conducted on critical infrastructure protection, the certification of the personnel involved being required by legislative provisions.

5. In the field of military records, MLM and requisitions:

- The situation of the goods requisitioned from own property was updated and submitted to the Territorial Structure for Special Problems Sibiu;
- The situation was drafted of natural persons called for service provisions in the public interest grouped into fields of activity and employed in SNTGN TRANSGAZ SA Mediaș ;
- Replies were sent to STPS that requested data on territorial infrastructure objectives important for the national defence system;
- Replies were sent to the addresses requesting data on establishment and updating of economic and military monograph of counties;
- The military records were analysed through the control performed by STPS Sibiu;
- Access credentials were drafted for SNTGN Transgaz objectives;
- Service identity cards and badges for new staff and staff that changed positions or working place were issued.

Activities in the field of Documents Management

Since the establishment of the Documents Management Service in 01.02.2014, the documents management activity mainly focused on compliance with the legal provisions and aimed to improve the recording, correspondence and documents archiving procedures created and used by the company.

- Classified and unclassified DOCUMENTS MANAGEMENT (assistance and advice in drafting, recording, reproduction, movement, submitting/receipt against signature, archiving and their selection, assessment of compliance with legal requirements, proposed corrective measures, personnel training in the field);
- DOCUMENTS ARCHIVING (registration of documents, preparation of Archive Nomenclature, current archive inventory, selecting documents in the archive,

systematization of documents in the archive - topographical guide, preservation and conservation of documents).

In the activity regarding the recording and sending of unclassified documents, a series of issues regarding the circulation of documents were resolved by internal regulations to avoid losses/damages.

In the activity regarding the drafting, management and archiving of classified documents the settlement of the following was achieved:

- Updating the Annexes of the Prevention Program against leaks of classified information;
- Updating the list of security certificates holders / permits access to classified information in S.N.T.G.N. TRANSGAZ S.A;
- Conducting of trainings for employees regarding the protection of classified information;
- Connection and usefulness of 3 work stations dedicated to PROFESSIONAL SECRECY;
- Declassification operations for 106 classified documents, as decided by the Council of Ministers Resolution no. 19/1972 and the receipt of a positive answer from the Ministry of Economy, Trade and Tourism;
- Sending of addresses to issuers who created secret state documents, classified according to the Council of Ministers Resolution no. 19/1972, managed by Transgaz, and the receipt of permission for declassification / destruction of documents issued by them;
- Performance of the first work for the selection of classified documents according to art. 76 of the Government Resolution no. 585/2002 with the drafting of 2 Protocols of destruction.

In the activity regarding the management and archiving of unclassified documents the settlement of the following was achieved:

- Drafting and approval of the Archive Nomenclature of S.N.T.G.N. TRANSGAZ SA regarding the categories of documents created and held by periods of retention under the laws thereof of each area of activity (completed work);
- Development of the instruction on archiving of documents created and held by S.N.T.G.N. TRANSGAZ;
- Issuance of the Decision on the establishment of the Commission for the selection of documents created and held by the S.N.T.G.N. TRANSGAZ S.A. and of an annex to the Decision, which defines the work to be performed;
- The building from str. Carpați, where technical documents were stored was cleared for modernisation, demolition and rebuild of a new building;
- The performance of the first work for the selection of documents from the Economic and Public Procurement and Contracting Department issued between 1992 - 2005 for their disposal / scrapping;
- The performance of procedure for the decongestion of archiving spaces containing selection work documents, by concluding a contract with a company specializing in the recycling of paper, according to legislative provisions.

Activities in the field Control Body

The Control Body Service missions were focused on providing an approach to minimize the risk of errors and non-conformities, aimed at achieving performance at all levels of the company. The focus was mainly on:

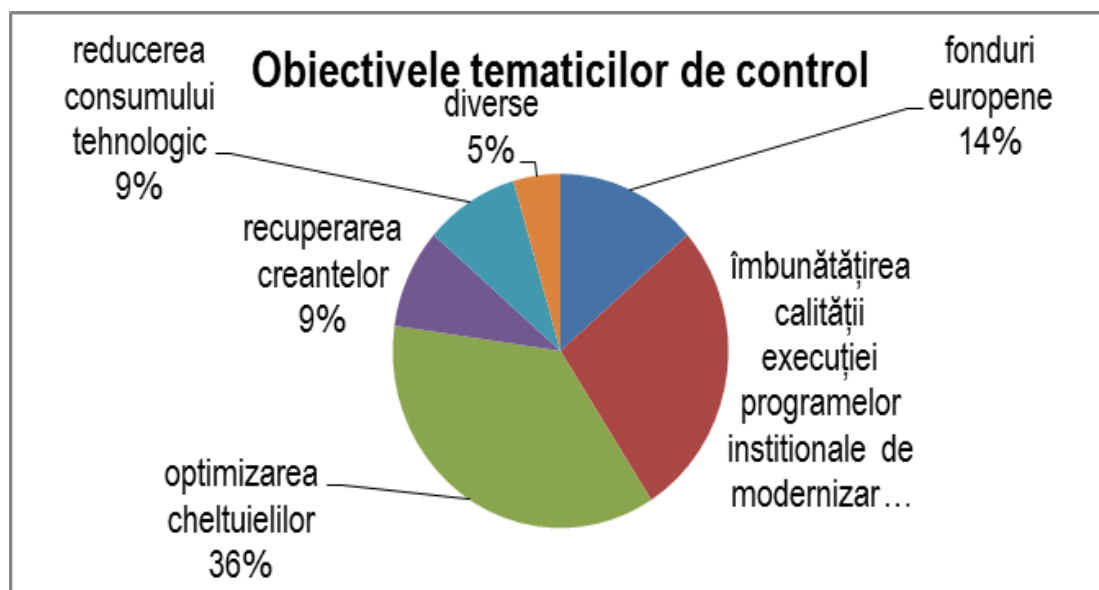
- identifying the potential factors that could affect the achievement of the management plan;
- suggesting viable solutions during the performance of projects, primarily those with European funding.

The centralisation of the **22 control missions started in 2014**, shown in Table 1, indicate that they were aimed at:

- achieving interconnections;
- European funded projects;
- expenditure optimization;
- reducing the technological consumption;
- debt collection;
- improving the quality of implementation of investment programs of modernisation and development;
- miscellaneous.

According to chart no.1, the most part of the control missions was circumscribed to the expenditure optimization objectives (36%), followed by improving the quality of implementation of investment programs of modernization and development (27%) and European funds (14%).

Chart no. 1.



Even if the percentage of control missions aiming at reducing technological consumption (9%) was lower than those mentioned above, it should be stressed that upon their completion resulted the need to urgently implement measures to curb the delivery possibility of non-metered gas and taking action for recovery of damages.

Table no. 1

Item no.	Topic of control mission	File sent to the Discipline Commission	File sent to the Prosecutor's Office/Directorate for Investigating Organized Crime and Terrorism
performance of interconnections and European funded projects			
1	Execution method of interconnection pipeline between the gas transmission systems of Hungary and Romania, direction Szeged-Arad	no (6 months have passed from commission of the facts)	yes
2	Execution method of interconnection pipeline between the gas transmission systems of Hungary and Bulgaria.	The mission is in progress because the project's deadlines were extended	
3	Implementation of SCADA system for the gas network within SNTGN "TRANSGAZ" S.A.	The mission is in progress because the project's deadlines were extended	
expenditure optimization			
4	Necessity, appropriateness and legality of the contract no.10 / 05.08.2013 concluded between Territorial Exploitation Medias and S.C Euro	yes	no

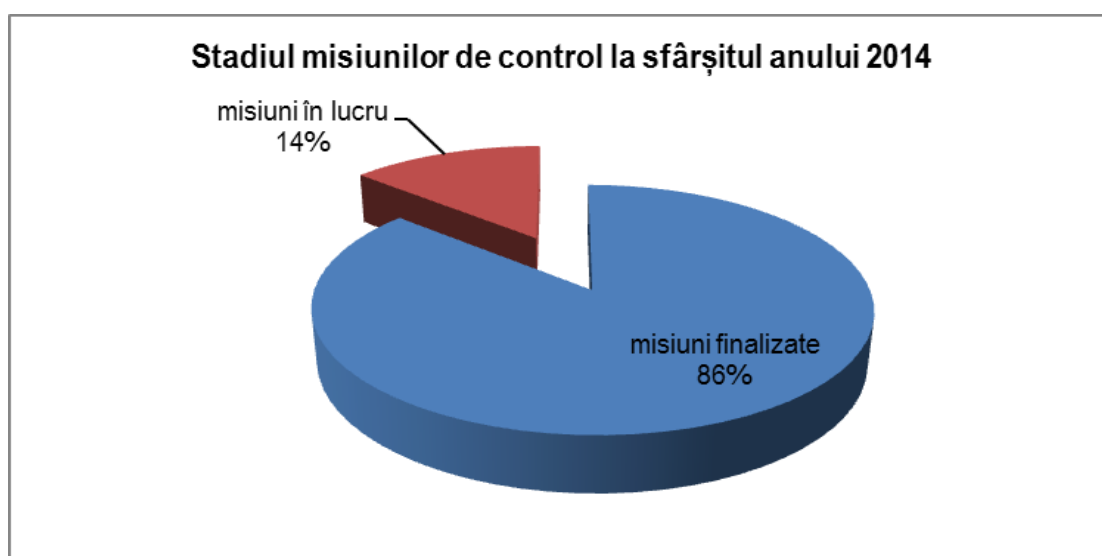
Item no.	Topic of control mission	File sent to the Discipline Commission	File sent to the Prosecutor's Office/Directorate for Investigating Organized Crime and Terrorism
	Ecologic SRL Vlăhița		
5	Verification of the activity performed by the Land Formalities Service in 2007-2013	not the case	no
6	Verification of the legality of the costs incurred in renting a liquid collection sludge box at TE Bucharest and TE Medias	no (6 months have passed from commission of the facts)	no
7	Recovery of tubular material on the section Nadeș - Fântanele and Axente Sever -Țapu	yes	yes
8	Use method of the sponsorship funds of SNTGN TRANSGAZ	no	no
9	Verification of the causes that led to the theft of "engine power generator" equipment registered under registration number SB 80 JST of Medias Branch.	yes	no
10	Verification of the implementation of the measures set out in the documents signed by the control authorities during January 2012 - December 2013	no	no
11	Verification of accommodation expenses during January-July 2014	no	no
debt collection			
12	Recovery method of uncollected debts at maturity from debtor S.C. Interagro S.A. Bucharest during 2007-2013	no	no
13	Fulfilling the mandate given by the Board of Directors to the Chief Executive Officer for the recovery of claims relating to natural gas transportation contracts	no	no
improving the quality of implementation of investment programs of modernisation and development			

Item no.	Topic of control mission	File sent to the Discipline Commission	File sent to the Prosecutor's Office/Directorate for Investigating Organized Crime and Terrorism
14	Implementation of PT no.300 / 05-06 "natural gas transmission pipeline Dn 800 Crevedia-Podișor" and statements that generated the "Apostolache case"	no (6 months have passed from commission of the facts)	no
15	Verification of works performed at SRM Toplița	yes	no
16	Verification of tubular material stocks for the investment objectives "Natural gas transmission pipeline ø 20 Plătărești – Bălăceanca" and "Natural gas transmission pipeline Dn 250 mm Negru Vodă – Pecineaga – Techirghiol".	no	no
improving the quality of implementation of investment programs of modernisation and development			
17	Verification the acceptance method by Transgaz of the Technical Expertise Report afferent to the Technical project on air crossing of the river Buzău with the natural gas transmission pipeline Dn 500 mm Siliștea-Bucharest"	no	no
18	Verification of the status of implementation of automation within SNTGN TRANSGAZ SA	The mission is in progress because the project's deadlines were extended	
19	Verification of Security and Surveillance Systems works performed under contract no. 61 / 25.02.2014	no	no
reducing the technological consumption			
20	Verification of the quantities of gas delivered by SRM Năvodari during January 2013 - March 2014	no	yes
21	Verification of the quantities of gas delivered to SC Gecsat SA Târnăveni during 01.07.2009 - 30.06.2014	yes	yes
miscellaneous			
22	Information on Mrs. Viorica Ardelean complaints	no	no

Chart No. 2 shows the graphic illustration of the workload of the Control Body Service. Of the 22 control missions started in 2014, 19 were completed with information, namely control reports which represents an achievement of 86%.

For the three control missions in progress at the Control Body Service the related documents have been drawn up summarizing the information and progress of works in December 2014, following the continuing of investigations in 2015 because the contracted works have not been completed.

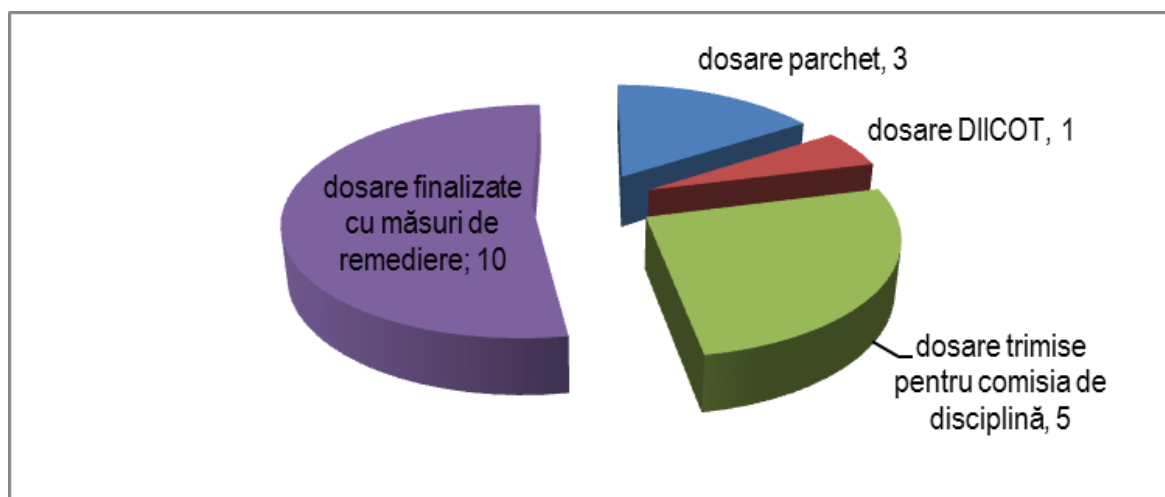
Chart no. 2



Missions regarding the "Execution method of interconnection pipeline between the gas transmission systems of Hungary and Bulgaria" and "Implementation of SCADA system for the gas network within SNTGN "TRANSGAZ" S.A.", concerning the ***"performance of interconnections and European funded projects"*** are in progress because the deadlines were extended for various reasons.

According to Chart no.3, of the 19 control missions completed, a file was communicated to the Directorate for Investigating Organized Crime and Terrorism, 3 to the Prosecutor's Offices attached to the Court of the County in which the offence occurred, and 5 of them were sent to the discipline commissions.

Chart no. 3



In the BD meeting of 14.05.2014, the Control Body Service presented Report no. DCCCMPS/15824/09.05.2014 on the "Approval of the action plan following the control performed in relation to the situation occurred in the performance of the Arad - Szeged interconnection due to the return of EU funds following the decision of the European Court of Auditors in Luxembourg".

Following the approval given by BD, the file has been communicated to the Directorate for Investigating Organized Crime and Terrorism Bucharest for conducting criminal investigations regarding possible acts of negligence at work (art. 298 New Penal Code) in connection to the execution of the interconnection pipeline of the Gas Transmission System in Romania with the West - European Transport System, on the direction Szeged (Hungary) - Nădlag - Arad (Romania).

The files of the two missions concerning the **reduction of technological consumption** were sent to the Prosecutor's Office regarding the existence or non-existence of the constituent elements of the theft offence (art.228 NPC) for the non-metered delivered natural gas and setting SNTGN TRANSGAZ SA as **civil party** for damage amounting to **3,533,357.75 lei** in the case of SRMP GECSAT of **11,483,905.96 lei** in the case of Năvodari SRMP.

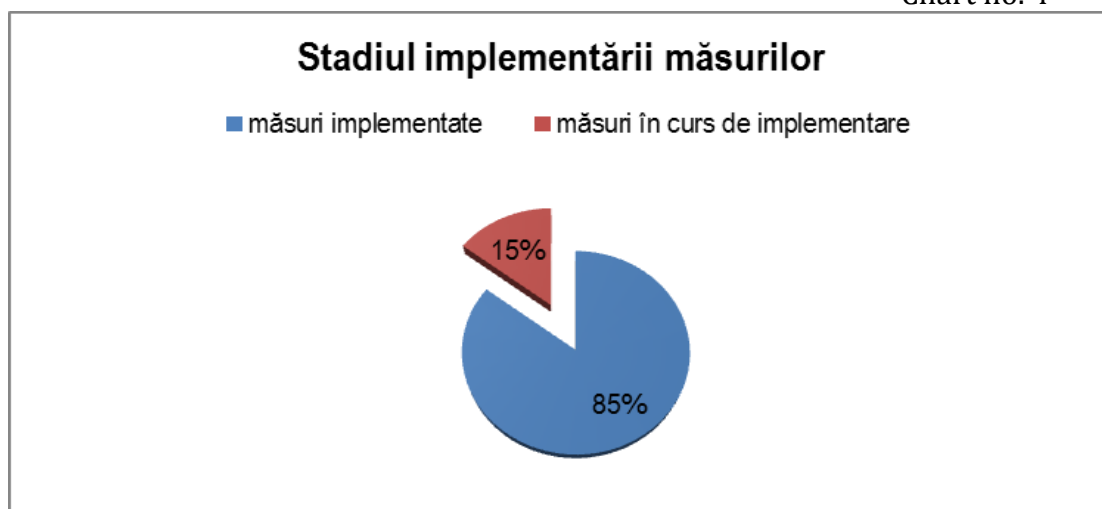
Of the 8 control missions concerning **"Expenditure optimization"**, in 3 of these cases the files were sent to the disciplinary commission which established the recovery of the damages, namely the disciplinary sanction of those involved ("Recovery of the tubular material of section Nadeş - Fântânele and Axente Sever - Țăpu" "Necessity, appropriateness and legality of contract no.10 / 05.08.2013 concluded between the Territorial Exploitation Medias and SC Euro Ecologic SRL Vlăhița" and "Verification of the causes that led to the theft of "engine power generator" equipment registered under registration number SB 80 JST of Medias Branch"), and one file is pending at the Prosecutor's Office ("Recovery of the tubular material of section Nadeş - Fântânele and Axente Sever - Țăpu") for the recovery of an estimated damage of **204,453 lei**.

In the field of ***"improving the quality of implementation of investment programs of modernisation and development"*** 6 missions were carried out, of which only one file ("Verification of the work performed at SRM Toplița") reached the discipline commission which asked the manufacturer to remedy the problems identified in the field.

The missions regarding **debt collection** were aimed at companies with the highest debts to TRANSGAZ, the period in which they were accumulated, the mandates given by BD for their scheduling, compliance with the scheduling and establishment of guarantees.

The Control Body Service suggested in the control documents (inspection / information reports) **82 remedial measures** for the identified issued, of which **70 were implemented** at 31.12.2014. Regarding the 12 measures being implemented, the departments / offices have communicated the implementation schedules for the situations for the settlement of which only internal factors are involved. The degree of implementation of the established measures is **85%** according to chart no. 4.

Chart no. 4



In 2014, **2,745 lei** were recovered from the company's employees as follows:

- **345 lei** representing undelivered services by SC Euro Ecologic SRL Vlăhița, but accepted by the person in charge of following the contract;
- **2,400 lei** representing the equivalent value of the engine power generator stolen from SRMP Buciumeni (value + VAT is 7,068 lei and is recovered from 3 operators during a period of 12 months).