



**SOCIETATEA NAȚIONALĂ DE TRANSPORT
GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**
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Submitted for approval in the OGMS

REPORT

on the approval of the policy for the management of the conflict of interests

SUMMARY

Considering:

- The approval of the new Bucharest Stock Exchange Code of Corporate Governance on 11.09.2015 and its becoming applicable as of 4.01.2015;
- The policy for the management of the conflict of interests aproved by Resolution No. 4/28.01.2014 of the Board of Administration, Art.8.

PROPOSAL

- **Approval by the Ordinary General Assembly of the Shareholders of SNTGN TRANSGAZ SA of the Policy for the management of the conflict of interests at the level of the Board of Administration of S.N.T.G.N. TRANSGAZ S.A. Mediaș as proposed**

The new Code of Corporate Governance aims to clearly establish the powers and obligations of the General Meeting of the Shareholders, Board of Administration and executive management in order to build a strong relationship and a transparent communication between companies and their shareholders and other interest holders and potential investors, leading to a strong market competitiveness.

The amendments proposed refer to the introduction of regulations for the development and approval of policies for Board of Administration member assessment, the management of the conflict of interests, the remuneration of the Board of Administration members and of the Director-General, with regard to projections, and the annual distribution of dividends or other benefits to the shareholders.

According to Order No. 1286 of 1 October 2012 of the Minister of Public Finance for the approval of Accounting Regulations in accordance with the International Financial Reporting Standards, applicable to the trading companies whose securities are admitted to trading on a regulated market, as amended ('Order 1286/2012'), the corporate governance statement in the annual report must include: (i) a reference to the code of corporate governance which the company applies and an indication of the provisions which are publicly available; (ii) a reference to any relevant information regarding the corporate governance practices applied in addition to the requirements of the national legislation (the company must make available its public and corporate governance practices); (iii) **if the entity is removed from the code of corporate governance, its explanation on parts of the code it does not apply and the reasons for their non-application.**

Companies should include a Corporate Governance Statement in their annual report, as a specific section, which shall contain a self-assessment on how the `provisions to comply with` are observed and measures taken in order to comply with provisions that are not fully met. (BSE Code of Corporate Governance, page 2).

The new Code of Corporate Governance of the Bucharest Stock Exchange is divided into four sections: (A) Responsibilities [of the Board]; (B) Risk management and Internal Control System; (C) Fair Rewards and Motivation; and (D) Building Value through Investors` Relations, each section being divided into *General principles* and *Provisions to comply with*.

The conflict of interests is mentioned at Section A, Provisions to comply with,

A2: Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.

and

at Section B, Provisions to comply with,

B5: The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.

We note that the 2014 S.N.T.G.N. Transgaz S.A. Code of Employee Ethics defines the conflict of interests, the modality of identification and the avoiding of the conflict of interests for the employees.

The enclosure to this Report reproduces for approval the document containing the policy for the management of the conflict of interests for updating the Corporate Governance Code of S.N.T.G.N. Transgaz S.A..

Enclosure:

- Document containing the policy for the management of the conflict of interests.

**CHAIRMAN OF THE BOARD OF ADMINISTRATION
ION STERIAN**