

SOCIETATEA NAȚIONALĂ DE TRANSPORT GAZE NATURALE
“TRANSGAZ” S.A. MEDIAȘ
(NATIONAL NATURAL GAS TRANSPORTATION COMPANY
“TRANSGAZ” S.A. MEDIAȘ)

ANNEXES
TO THE ANNUAL REPORT OF THE DIRECTORS OF
SNTGN “TRANSGAZ” SA

CORPORATE GOVERNANCE

CVs of the DIRECTORS

2011

CORPORATE GOVERNANCE

1. Preamble

Corporate governance is a concept with a very wide connotation which includes elements such as: managers' liability for the accuracy of the information contained in the financial reports, existence of very tight deadlines for the financial reporting, communication and full transparency in respect of the financial results, transparency of the internal audit, of the processes and of the external audit. In detail, corporate governance refers to the manner in which the rights and responsibilities are divided among the categories of participants in the activity of the company, such as the board of directors, the managers, the shareholders and other interest groups, specifying, at the same time, the manner in which the decisions relating to the company's activity are taken, the manner in which the strategic objectives are defined, the means by which they can be reached and the manner in which the economic performance is monitored. Practice confirms the need to intensify the efforts to accept the corporate governance, as it has been noted that organizations committed to implementing its principles succeeded even to maximize their performances. The companies whose financial instruments are traded on the regulated market operated by Bursa de Valori București S.A. (Bucharest Stock Exchange) will voluntarily adopt and comply with the provisions of the Corporate Governance Code of Bucharest Stock Exchange (CGC of BSE), adopted by the Board of Directors of Bucharest Stock Exchange in December 2007. Therefore, according to art. 4 of Title VII of Bucharest Stock Exchange Code- Book 1, the reporting requirements set forth in art. 94 (Corporate Governance Statement) of Title II will apply starting from the date of publication of the annual report for 2010. CGC of BSE is structured on 19 principles and 41 recommendations, all having equal same power and importance. Pursuant to art. 51 of Chap. IV- Maintenance to Trading, the issuers must give a statement that they adopted at least 14 principles of the 19 principles mentioned in the CGC, during the last calendar year, in order to maintain in the 1st category of shares. The issuers listed at BSE shall adopt, voluntarily and self-imposed, the provisions of CGC of BSE and report to BSE the total or partial compliance by means of the **Statement of Compliance or Non-Compliance with the Provisions of CGC (Statement "Apply or Explain")**. Given that by the implementation and application of the codes, policies and principles of corporate governance the companies ensure not only a balance between compliance and performance but also a definite improvement of the economic efficiency and of the investment climate, Transgaz proceeded, in its capacity of security issuer on the Romanian capital market, to elaborate, in compliance with the requirements of BSE Governance Code, the company's Corporate Governance Rules.

Transgaz is the technical operator of the National Natural Gas Transportation System (NTS) and its purpose is to apply the national strategy set for transportation, international transit, natural gas dispatching and research-design in the field of natural gas transportation by conducting, in compliance with Romanian law, acts of trade related to the object of the company.

The main object of the company is transport via pipeline: NACE code 4950 (art. 7 of the Memorandum of Association updated as of 21.12.2011 and art. 6 of Annex no. 1 to Government Decision no. 334/2000 on the reorganization of Societatea Națională de Gaze Naturale "Romgaz" S.A - *National Natural Gas Company "Romgaz" S.A.* - as amended).

Transgaz is the technical operator of NTS which ensures, under safe, efficient and competitive conditions and in compliance with the European performance and environmental standards, the transportation of over 90% of the natural gas consumed in Romania. Transgaz has the responsibility of providing the national public service of natural gas transportation under conditions of safety, security, transparency, non-discriminatory access, performance and limitation of the environmental impact.

The general and specific strategic objectives of the activity carried out by Transgaz are established in the context of alignment to the requirements of the new energy European policy on energy safety and security, sustainable development and competitiveness. In this context, the implementation and development of the corporate governance principles, the development of responsible and transparent business practices becomes more and more, a necessity in the substantiation and application of the corporate business strategies and policies. Under this desideratum and by means of this regulation Transgaz aims at ensuring a rigorous dimensioning and regulating framework for the corporate governance at company level.

2. Transgaz Rules of Corporate Governance

According to the provisions of the following regulatory instruments:

- Law no. 297/2004 on capital market, as amended;
- Regulation no. 1/2006 of the National Securities Commission on issuers and operations with securities, as amended by Regulation no. 31/2006 of the National Securities Commission;
- Bucharest Stock Exchange Code;
- Corporate Governance Code of Bucharest Stock Exchange, Rec. 1;
- provisions of art. 9 (a), (b), (d) within the Decision of the Board of Directors no. 16/30.10.2009 on the analysis of the implementation of recommendations within the Corporate Governance Code of Bucharest Stock Exchange;

- art. 15 (3) (o) of the Company Memorandum of Association, updated as of 21.12.2011; the **"Rules of Corporate Governance of SNTGN Transgaz SA MEDIAŞ"** have been elaborated.

The document has an elaboration structure compliant with the applicable requirements and includes **9 chapters**, as follows:

- Chap. 1- **Corporate governance structures:** Board of Directors, Advisory Committees, Executive board. The duties of the executive board are set in the Rules of Organization and Operation of SNTGN TRANSGAZ SA and the Code of Professional Conduct regulates the ethical standards of mandatory conduct for all employees and it is applied in all organizational and hierarchical structures of the company.
- Chap. 2- **Rights of the Shareholders:** rights of the shareholders, treatment of the shareholders;
- Chap. 3- **Board of Directors:** role and obligations of the Board of Directors, structure of the Board of Directors, appointment of the members of the Board of Directors, remuneration of the members of the Board of Directors;
- Chap. 4- **Transparency, Financial Reporting, Internal Control and Risk Management:** transparency and financial reporting;
- Chap. 5- **Conflict of Interests and Transactions with Stakeholders:** conflict of interests; transactions with stakeholders;
- Chap. 6- **Corporate Information Regime;**
- Chap. 7- **Social Responsibility;**
- Chap. 8- **Management Systems;**
- Chap. 9- **Final Provisions**

It is a referential document meaning that it transposes at Transgaz level those principles and recommendations in the Corporate Governance Code of BSE, that are relevant for the company and that will be implemented and applied/explained as approved by the Board of Directors of Transgaz by Decision no. 16/30.10.2009.

The components included in the corporate governance reporting will be: quality, environment, corporate social responsibility, different aspects relating to corporate governance.

The companies whose stocks are listed on the stock exchange and who implemented the corporate governance principles shall mandatorily fill in, starting with 2011, the **Statement "Apply or Explain"**.

Transgaz adheres to the Corporate Governance Code of Bucharest Stock Exchange and applies recommendations within this code, according to the Statement of Compliance or Non-Compliance with the Provisions of the Corporate Governance Code (Statement "Apply or Explain") recommendations no. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 17, 18 and explains the recommendations corresponding to principles no. 14, 16 and 19.

The template of the **Statement Apply or Explain**, the **Rules for Corporate Governance of SNTGN Transgaz SA** and the **Code of Bucharest Stock Exchange** may be found on the company's web page, in section *Relations with the Investors*.

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

3.1 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 are represented by the Ministry of Economy, Commerce and Business Environment. Its representative in the General Meeting of Shareholders is appointed and revoked by the order of the Minister of Economy, Commerce and Business Environment.

Its right to vote will be exercised based on a special power of attorney granted by order of the Minister of Economy, Commerce and Business Environment. After the stocks of Transgaz are admitted for trading on a regulated market, the representation of the shareholders, other than the state, in the General Meeting of Shareholders may also be ensured by other persons than the shareholders, except for the directors, managers and employees of Transgaz, based on a special power of attorney, according to the regulations of the National Securities Commission.

The General Meeting of Shareholders of Transgaz is the governing body which decides on its activity and on its economic policy. The General Meeting 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 elect and revoke the directors, according to the applicable laws;
- to appoint and revoke the Chairman of the Board of Directors of Transgaz;
- to establish the level of the monthly remuneration for the members of the board of directors;
- to approve the income and expenditure budget and the activity plan for the following financial year;

- to approve the limit of the remuneration for the chief executive officer of the company, and the bonuses to which he/she is entitled;
- 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 decide whether to contract long-term bank loans, including external loans;
- 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' inventory;
- 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 him/her 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 main company's object;
- to increase the share capital and reduce it by issuing new shares according to the law;
- to merge with other companies;
- to prematurely dissolve the company;
- to issue new bonds;
- to alter the number of shares or their nominal value;
- to decide upon the establishment or closing down of Transgaz sub-units;
- any other modification 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 is convened by decision of the Board of Directors, whenever necessary, according to the legal provisions in force and to the provisions of the Memorandum of Association of Transgaz, as updated. The notice to attend the General Meeting of Shareholders is published in the Official Gazette of Romania Part IV and in a widely spread central newspaper, and on the internet page of Transgaz, at least 30 days before the gathering date and it shall include the following information: company name, date of the general meeting, starting time, venue, reference date, agenda and any other details required by the applicable legislations. The Board of Directors

will provide to the interested shareholders the documents to be debated and approved by the General Meeting of Shareholders, and the special powers of attorney and materials containing information relating to each topic on the agenda. All these materials shall be made available to the shareholders on the company's website or at its head office.

The Ordinary General Meeting of Shareholders is validly assembled and may take decisions, if upon the first call, the shareholders who hold at least half of the share capital are present and, upon the second call, whatever the share capital represented by the present shareholders; in such case, the decisions will be approved by a majority of votes cast.

The Extraordinary General Meeting of Shareholders is validly assembled and may take decisions, if upon the first call, shareholders holding at least $\frac{3}{4}$ of the share capital are present and, upon the second call, they hold at least half of the share capital; in such case 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. The decisions of the General Meeting of Shareholders are taken by public vote. The decisions taken 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.

List of members of the General Meeting of Shareholders:

1.	Zeveleanu Cornel	State Representative	Expert, Ministry of Economy, Commerce and Business Environment
2.	Marica Anca	State Representative	Deputy Chief Executive Officer, Ministry of Economy, Commerce and Business Environment
3.	Sterian Ioan	State Representative	Parliamentary Under-Secretary, Ministry of Regional Development and Tourism

3.2 Information on the Board of Directors (BD)

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 acts 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 as of 21.12.2011 or to the applicable laws.

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 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, among 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, both during the term of office and after its end.

The Memorandum of Association of Transgaz, as updated as of 21.12.2011 and approved by the Board of Directors, by the Decision of the Extraordinary General Meeting of Shareholders no. 11/21.12.2011, regulates the duties, responsibilities and powers of the Board of Directors and the obligations of the company's directors.

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. During the meetings, the Board of Directors will adopt decisions which shall enable the fulfilment of the duties, in an effective and efficient manner. The members of the Board of Directors will not disclose the company's confidential information and trade secrets to which they have access in their capacity of directors. This obligation is also applicable after the expiry of their term of office as directors.

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

- to set the main activity and development plans of the company;
- to establish the accounting and financial control system and approve the financial planning;
- to approve the organizational structure and rules of organization and operation of Transgaz;
- to appoint, suspend or revoke the Chief Executive Officer of Transgaz and establish his/her remuneration;
- to supervise the activity of the Chief Executive Officer;

- to prepare the annual report, organize the General Meetings of Shareholders, pursuant to Law no. 31/1990, republished, as subsequently amended and supplemented, and establish their remuneration and implements its decisions;
- to file the request for opening the insolvency procedure of Transgaz, according to the applicable regulations;
- to approve the level of guarantees for the persons who have the capacity of managers;
- to conclude legal documents to acquire, alienate, change or pledge assets held by Transgaz, 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 company's object;
- to approve the conclusion of any contracts for which it has not granted powers to the company's Chief Executive Officer;
- to annually submit to the General Meeting of Shareholders, after the end of the financial year, the report regarding the activity of Transgaz, 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 draft income and expenditure budget for the following year;
- to convene the General Meeting of Shareholders whenever needed;
- to establish the rights, obligations and responsibilities of Transgaz personnel, according to the approved organizational structure;
- to establish the powers and level of the current bank borrowing, of short- and medium-term commercial loans and approve the release of the guarantees;
- 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 establish and approve the level of the allowance for the secretary of the Board of Directors;

- 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 exercise of its powers.

The independent directors' renunciation to their mandate will be accompanied by a detailed statement regarding the reasons for such renunciation.

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

List of the Members of the Board of Directors:

1.	Schmidt Victor Alexandru	Chairman	Deputy Chief Executive Officer, General Directorate for Industrial Policy and Competitiveness, Ministry of Economy, Commerce and Business Environment
2.	Florin Cosma	Member	Chief Executive Officer, S.N.T.G.N. Transgaz SA Medias
3.	Busuioc Mihai Truta Oana	Member up to 29.04.2011 (Ordinary General Meeting of Shareholders) no. 4/29.04.2011 Member starting with 29.04.2011, appointed based on the Decision of the Ordinary General Meeting of Shareholders no. 4/29.04.2011	Chief Executive Officer, National Agency for Cadastre and Real-Estate Publicity Vice-President- Investment Analyst, Franklin Templeton Investment Management Bucharest

4.	Albulescu Mihai	Member	Lecturer, Department of Hydraulics, Thermotechnology and Field Engineering, Oil and Gas University of Ploiești
5.	Raicu Ionica	Member	Chief Executive Officer, General Directorate for Investments and IT, Ministry of Economy, Commerce and Business Environment

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, following an official, rigorous and transparent procedure. In this respect, the list of candidates for the position of director will be submitted to the company at least 15 days prior to the date set for the General Meeting of Shareholders, with the obligation to publish it in due time on the website of the company.

Remuneration of the Members of the Board of Directors

The company established a Remuneration Committee to develop the remuneration policy for directors and managers.

The Committee will submit proposals to the Board of Directors in respect of 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 non-executive directors will be proportional to the responsibilities and time dedicated to their duties. The total amount of the direct and indirect remuneration of the directors and managers, separated by fixed and variable components, will be presented in the Annual Report.

Financial Reporting

Transgaz set up an Audit Committee that will regularly examine the effectiveness of the financial reporting, internal control and risk management system adopted by the company. The Audit 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 integrity of the financial information provided by the company, particularly by reviewing the relevance and consistency of the accounting standards it has applied (including the criteria for consolidation).

The Committee also cooperates with the company's external financial auditor which provides it 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 Interest

The members of the Board of Directors will take decisions in the sole interest of the company and will not take part in the debates 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 will 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.

To ensure the procedural fairness of the transactions with stakeholders, the members of the Board of Directors use the following criteria, without limitation to such criteria:

- maintaining the authority of the Board of Directors or 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 structure;
- 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.

3.2.1. Advisory Committees Established at the Level of the Board of Directors

In order to comply with the legal provisions specific to the capital market (Law no. 297/2004 on capital market, as amended and Corporate Governance Code of Bucharest Stock Exchange), the Board of Directors approved by the Decision no. 16/2010 of the Board of Directors the setting up of five specialized advisory committees, each made up of two members of the Board:

- Nomination Committee;
- Remuneration Committee;
- Audit Committee;
- NTS Safety and Security Committee;
- Committee for the activity of procurement of services and products within S.N.T.G.N. Transgaz S.A.

The Advisory Committees have duties established by the job description contained in the Internal Rules for the organization and operation of the advisory committees established within the Board of Directors and they are responsible for analyzing and making recommendations to the Board of Directors in specific fields, by submitting quarterly reports of their activity to the Board of Directors.

The template of the **Internal Rules on the organization and operation of the advisory committees established within the Board of Directors** 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	DUTIES
NOMINATION COMMITTEE	will be composed of the members of the Board of Directors and mainly made up of independent directors; the duties of such committees are established by the Corporate Governance Code.	<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 permanently update the professional

		<p>competences of the members of the Board of Directors;</p> <ul style="list-style-type: none"> to improve knowledge of the company's activity for the purpose of applying the best practices in corporate governance.
REMUNERATION COMMITTEE	<p>- will be composed of the members of the Board of Directors;</p> <p>- will be composed exclusively of non-executive directors and will contain a sufficient number of independent directors;</p> <p>- the duties of such committee are established by the Corporate Governance Code.</p>	<ul style="list-style-type: none"> to draw up the remuneration policy for directors and managers; 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 the roles by them; if necessary, it may be resorted to assistance from external experts to fulfil the required duties.
AUDIT COMMITTEE	<p>- will be composed exclusively of non-executive directors and will include a sufficient number of independent directors;</p>	<ul style="list-style-type: none"> to assist the Board of Directors in fulfilling its duties in the field of financial reporting, internal control and risk management; to regularly examine the effectiveness

	<p>- will meet whenever necessary, but at least twice a year (at the end of the first quarter and at the end of the year);</p> <p>- the duties of such committee are established by the Corporate Governance Code.</p>	<p>of the financial reporting, internal control and risk management adopted by the company;</p> <ul style="list-style-type: none"> • to perform audit analyses and draw up audit reports based on such analyses; • to verify the compliance of the audit reports drawn up with the audit plan approved at company level; • to support the members of the Board of Directors in monitoring the credibility and exhaustiveness of the financial information provided by the company, especially by reviewing the relevance and consistency of the accounting standards it has applied; • to cooperate with the company's external financial auditor, which will make available 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.
NTS SAFETY	- will be made up of at least	<ul style="list-style-type: none"> • to regularly analyze the list of critical

<p>AND SECURITY COMMITTEE</p>	<p>two members of the Board of Directors;</p> <ul style="list-style-type: none"> - at least one committee member must be an independent non-executive director; - the duties of the Committee have been proposed by the official letter no. 23/11.01.2010 by the Directorate for Quality-Environment, Safety, Security and Work Health. 	<p>infrastructure objectives of Transgaz and the established security measures;</p> <ul style="list-style-type: none"> • to ensure the conditions needed to implement the measures of protection of all the critical infrastructure objectives of the company or under the authority of 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.
<p>COMMITTEE FOR THE ACTIVITY OF PROCUREMENT OF SERVICES AND PRODUCTS</p>	<ul style="list-style-type: none"> - will be made up of at least two members of the Board of Directors; - at least one committee member must be an independent non-executive director; - the duties of the Committee have been proposed by the official letter no. DD725/10.03.2010 by the Development Department. 	<ul style="list-style-type: none"> • to monitor and analyze the activity of public procurement, contracts of concession of public works and the contracts for concession of services at the level of SNTGN Transgaz SA in order to comply with the provisions of Emergency Ordinance no. 34/2006 on the awarding of public procurement contracts, contracts for concession of public works and contracts for concession of services, as subsequently amended and supplemented, republished; • to develop proposals for improving and

		making the activity of procurement of services and products more efficient within the company.
--	--	--

The nomination of the members of the Board of Directors for each of these committees:

1. Nomination Committee

- Schmidt Victor Alexandru
- Cosma Emil Florin

2. Remuneration Committee

- Schmidt Victor Alexandru
- Albulescu Mihai
- Truta Oana appointed based on the Decision of the Board of Directors no. 21/26.10.2011

3. Audit Committee

- Raicu Ionica replaced by Mrs. Truta Oana based on the Decision of the Board of Directors no. 21/26.10.2011
- Albulescu Mihai

4. NTS Safety and Security Committee

- Cosma Emil Florin
- Schmidt Victor Alexandru

5. Committee for the Activity of Procurement of Services and Products

- Raicu Ionica
- Busuioc Mihai replaced by Mrs. Truta Oana based on the Decision of the Board of Directors no. 21/26.10.2011
- Albulescu Mihai

3.3 Information regarding the Executive Management

Transgaz management is provided by the Chief Executive Officer, to whom are subordinated two deputy chief executive officers and the executive officers.

The Chief Executive Officer is appointed by the Board of Directors among the members of the Board or outside it and is confirmed by the General Meeting of Shareholders. An individual incompatible with the capacity of director, in accordance with Law No. 31/1990 on companies, republished, as subsequently amended and supplemented cannot be the chief executive officer of

Transgaz. The Board of Directors delegated the management of the company to the Chief Executive Officer of Transgaz and he/she represents the company in the relationships with third parties.

The duties of the Chief Executive Officer will be determined by the Rules of Organization and Operation of the company and will mainly include the following:

- application of the company's strategy and development policies, as established by the Board of Directors;
- employment, promotion and dismissal of the employed personnel, in accordance with the law;
- participation 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;
- negotiation of the individual labour agreements, in accordance with the law;
- signing of legal documents, for and on behalf of Transgaz, within the limits set by the decisions of the Board of Directors;
- establishing the duties and responsibilities of the subordinates;
- approve the collection and payment operations, in accordance with the legal powers and the company's Memorandum of Association;
- approve operations of sale and purchase of goods, within the powers delegated by the Board of Directors;
- give powers to the executive officers and managers of the territorial sites and to any other person for the exercise of any duties within their respective jurisdictions.

The executive officers and managers of the territorial sites (Transgaz has 10 territorial sites in its organisational structure, out of which 9 territorial sites for transport and one for transit) are appointed, suspended or revoked by the Chief Executive Officer, they are employees of Transgaz and they are liable both before it and before the Board of Directors for carrying out their duties. The duties of the executive officers and managers of the territorial sites are set by the Rules of Organization and Operation of Transgaz.

1. List of the members of the executive management:

No.	Name and forename	Position	Department/Directorate
1	Pintican Iuga Liviu Traian	Deputy Chief Executive Officer	
2	Rusu Ioan	Deputy Chief Executive Officer	
3	Moldovan Radu Costică	Manager	Economic Department
4	Chetan Ioan – up to 1.10.2011	Manager	Operation Department

	Florea Vasile- starting from 1.10.2011		
5	Barbu Viorel	Manager	Development Department
6	Lata Ilie	Manager	Exploitation Department
7	Rosu Elena	Manager	Legal Directorate
8	Chis Ioan- up to 1.12.2011 Mates Angela- starting from 1.12.2011	Manager	Directorate for Human Resources Organization
9	Mohan Aurel	Manager	Directorate for Quality- Environment, Prevention and Protection
10	Ghidu Elisabeta	Manager	Directorate for Corporate Strategy and Management
11	Mates Angela - up to 1.12.2011	Manager	Accounting Directorate
12	Marin Dumitru	Manager	Directorate for Budget and Finance
13	Stoia Gheorghe	Manager	Directorate for Information Technology and Communications
14	Paraschiv Nelu	Manager	Directorate for Works Preparation and Execution
15	Rău Ioan	Manager	Directorate for Exploitation and Maintenance
16	Florea Vasile - up to 1.10.2011 Cosma Radu- starting from 1.10.2011	Manager	Directorate for Trade Balance
17	Sai Alexandru	Manager	Directorate for Measurement and Natural Gas Quality
18	Pătârniche Mihai	Manager	National Gas Dispatching Unit
19	Stoia Gheorghe Marius	Manager	Bucharest Directorate for Dispatching
20	Bunea Florin	Deputy Manager	Bucharest Directorate for Dispatching
21	Muntean Aurel	Deputy Manager	Directorate for Measurement and Natural Gas Quality
22	Lascu Sergiu	Deputy Manager	Directorate for Information Technology and Communications
23	Novac Mircea	Chief Engineer	Design Department
24	Moisin Ioan	Chief Engineer	Research Department

4. 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 will permanently make efforts to achieve effective, active and permanent communication for the exercise of such rights in a fair manner.

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

Transgaz will 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 at 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 Shareholders, Capital Market and Corporate Relations* - a structure the activity of which is dedicated to the relationship with the investors and shareholders. The personnel of the service is 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, 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 both the Romanian Accounting Standards and 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".

5. 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, was initiated, at company level.

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 ongoing contribution to the smooth operation of its business.

A component of its 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.

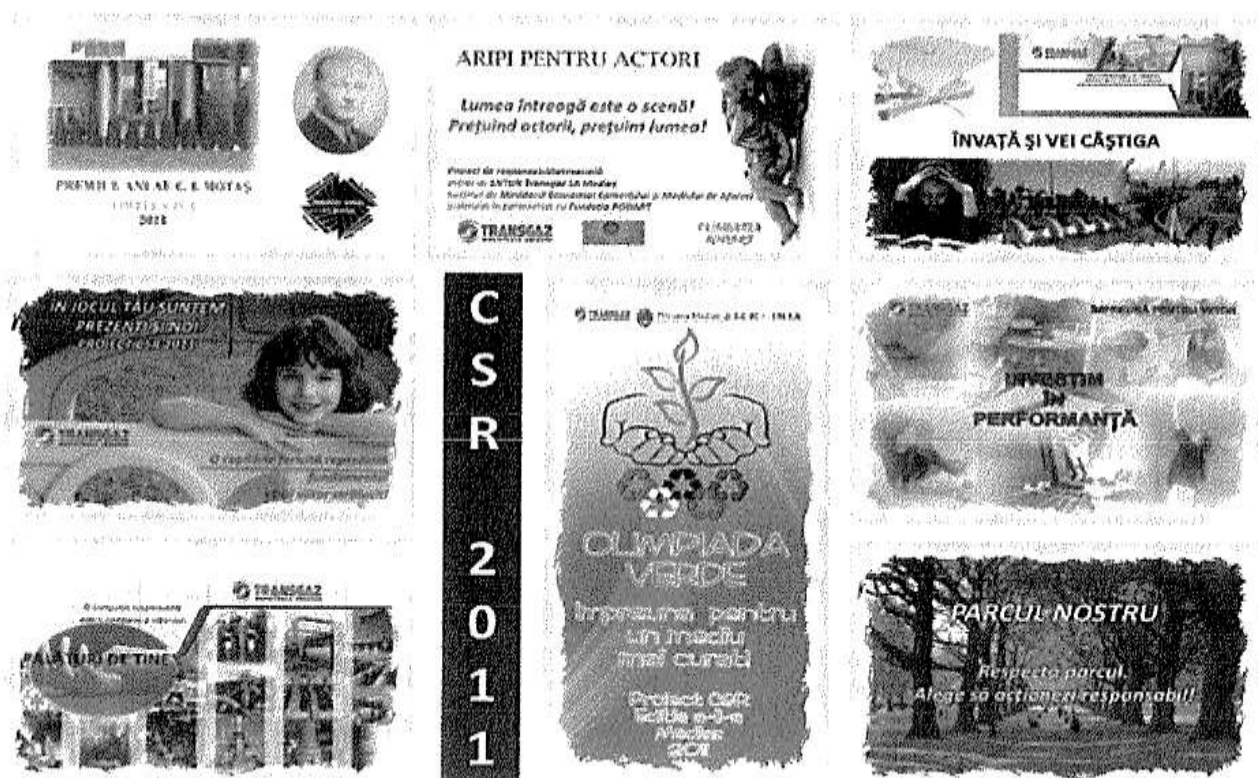
In this respect, the EU developed a **set of principles** aimed at **two dimensions of the relationship between company and community**, *the internal dimension* and *the external dimension* and recommended companies to incorporate these principles into codes of conduct and to report with regard to the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

Thus, during this year, SNTGN Transgaz SA focused and paid particular attention to the principles representing the future, to the environment in which this future develops but also to those having contributed to what we have today.

Based on this and continuing the series of CSR projects initiated in 2010, *Transgaz carried out 7 CSR projects in 2011, namely:*

- **THE GREEN OLYMPICS PROJECT- 2nd edition-** *"Together for a Cleaner Environment" - project developed in partnership with Medias City Hall and SC ECO-SAL SA Medias and addressing the local community - the prizes amounted to 5,000 lei;*
- **The "C.I. MOTAS ANNUAL AWARD" - 2nd edition-** *CSR project for graduate and post-graduate students of UPG Ploiesti and ULB Sibiu – a project which consisted of a contest of scientific research papers with the theme "Studies regarding the energy contained in natural gas under high pressure and identification of technologies for the recovery of their energy potential" for which was granted the C.I. MOTAS Trophy and prizes worth 10,000 lei;*
- **"NEXT TO YOU"** – *project for Transgaz employees, in the context of the company management concerns with the social problems of the employees and of the desire to support the families in difficulty, consisting in granting financial aid for the families of the employees amounting to 24,000 lei;*
- **"TOGETHER FOR THE FUTURE"** – *"We Invest in Performance" project intended for the local community, in the context of the company management concerns with financially supporting the children in Mediaş who obtained very good results at the national Olympics during the academic year 2010-2011, project consisting of granting prizes amounting to 55,000 lei;*
- **"WE ARE THERE ON YOUR PLAYGROUND"** –*it was an important CSR project, by which the desire to be as close as possible to the community and its needs is reflected; within this project, the first playgrounds have been fitted up in three nurseries from Mediaş. The value of the project was 45,000 lei.*
- **"WINGS FOR ACTORS"** –*it was a CSR project, initiated by Transgaz and developed during MECMA and RODART Foundation by which old and young actors with very low or no income have been financially supported. The value of the project was 20,000 lei.*

- **"LEARN AND YOU WILL WIN"** –it was a project by which Transgaz wants to select the future specialists in the field of natural gas and the intention was the granting of 4 social scholarships to the students in the 3rd year of study within the University of Oil and Gas in Ploiești and Lucian Blaga University in Sibiu, amounting to 6,000 lei.



Since **"A RESPONSIBLE COMPANY IS A COMPANY OF THE FUTURE"**, the CSR projects carried out in 2011 were included in the Transgaz organizational culture at all operational levels and represents a special style of doing business. Transgaz desires to apply constantly **the principle of social, economic and cultural partnership**, demonstrating the willingness to act in an ethical manner, with respect towards employees, shareholders, community and environment.

Transgaz, together with Romgaz are the main supporters of the Sports Club Gaz Metan Medias and of sports events organised and conducted by the local community, other local, county or national school sports clubs.

The company provided support through financial aid, construction or refurbishment works for education institutions, places of worship (monasteries, churches), but also restorations of vestiges of the national heritage.

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, to the increase of social cohesion, 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.

Starting from the assumption that **good deeds should be made public because they have the ability to educate through the value of an example**, Transgaz edited the first annual edition of the **CSR – PEOPLE AND FACTS Magazine**, the role of which is as simple as possible, namely to present, inform and communicate to the interested public (employees, shareholders, partners, community, environment) everything that **Transgaz** undertook in 2011 in respect of corporate social responsibility and humanitarian actions, and what plans it has in this area for 2012.



The important thing to remember is that **Transgaz**, a company in the portfolio of the **Ministry of Economy, Trade and Business Environment** and issuer of securities on the regulated market managed by the **Bucharest Exchange Stock** thus joins, by means of its ethical conduct and transparent and responsible business practices many other companies in Romania, which through their CSR actions and programs they initiated, contribute to the sustainable development of economy, the increase of the degree of social cohesion, the improvement of the quality of life of the community in which it operates.

For more details on these CSR projects (purpose, target audience, actions carried out, period, level of involvement, promotional campaign, photo gallery, participant feedback, project budget, project manager, suggestions/feedback received, manner of project assessment), please visit the company's website: www.transgaz.ro/link/responsabilitatesociala.

6. Responsibility of the Issuer in respect of the Environment

6.1 Assessment of the Matters related to the Impact of the Basic Activity of SNTGN Transgaz SA on the Environment

The environmental policy of SNTGN TRANSGAZ SA MEDIAŞ is closely linked to the general policy of the company and it focuses on the following major elements:

- reduce the environmental impact of technological processes;
- continuously improve the environmental aspects, particularly those significant, based on the environmental management programs, action plan, having set objectives, targets, deadlines and responsibilities;
- compliance with the environmental legislation and alignment to the European Union Directives;
- minimize the quantity of wastes, waste water, water and air pollutants.

The implementation and certification of the Environmental Management System, according to the Standard SR EN ISO 14001:2005 leads to the creation of a proper framework for balancing the economic and ecologic interest and represents a priority target for the management promoted within the company.

6.2. Synthetic Presentation of the Impact of the Basic Activity on the Environment

Through its territorial distribution, the National Gas Transportation System (NTS) is in permanent contact and inter-conditioning with the environment, including with the social and economic side. Even though aerial crossings and gas adjustment and measuring stations represent a clean source of the transport system from an anthropic point of view, SNTGN "TRANSGAZ" shows a constant concern for reducing environmental impact.

The particularities of the technological processes, the complexity and degree of hazard of the activities, the territorial dispersion - i.e. the area of the entire country and last but not least, the sector-specific organizational culture are crucial elements of the impact of the basic activity on the environment.

Under normal operation of the NTS, no pollutants are discharged into the atmosphere. In case of leaks, wrong manoeuvres, damage or when construction and maintenance works are carried out, the following cases may occur:

- fugitive emissions of natural gas and
- spills of ethyl mercaptan/liquid containing different chemical substances which might cause a potential pollution.

Within SNTGN "TRANSGAZ" S.A., the environmental aspects are identified for normal, accidental and emergency (situations) operating conditions, determining for each one the effects

which may have a significant impact on the environment. The environmental aspects with significant impact have been taken into account when determining the preventive and corrective measures, correlated with the environmental objectives and targets, which are materialized in the environmental management programs.

The company implemented a system for monitoring the environmental factors by its own Environmental Protection Laboratory. Lately, the first stage of the Program for the identification of the noise source at the Adjustment-Measuring Stations has been started and the evaluations indicated that there is a significant environmental impact; the objective is to reduce it at the source.

6.3. Main Actions, Measures for Improving Environmental Management and Preventing and/or Limiting the Environmental Impact in 2011

In order to comply with the legal standards applicable in this field, the company has considered the following objectives:

- Maintain and continuously improve the Environmental Management System according to the requirements of SR EN ISO 14001:2005;
- Permanent compliance by the processes/activities carried out with the legal provisions and regulations relating to the environmental aspects identified and applicable to the organization;
- Prevent, limit/reduce the environmental impact/damages caused in normal/abnormal operating conditions and in emergency situations;
- Selectively collect all wastes and packaging and recover them by internal reuse or through specialized centres;
- Train and raise awareness among the entire personnel of the company in relation to the specific environmental protection problems;
- Update, whenever necessary, the Accidental Pollution Control and Prevention Plan according to the legal provisions;
- Provide services without negative impact on the environment, reduce and/or eliminate significant environmental aspects;
- Promote a policy of reduction of the negative environmental impact of activities, without affecting the quality of the services;
- Use clean technologies in all activities;
- Promote projects for increasing the technical performances of technological systems.
- Development of the control capacity

In order to achieve the general and specific environmental objectives, the Environmental Management Programs for 2011 have been developed at the level of the territorial sites, which have been centralized, monitored and reported at company level.

6.4. Level of Compliance with the Provisions of the Legislation on Environmental Protection

Management monitoring and waste record have been made according to Government Decision no. 856/2002, considering the methodology contained in the regulatory instrument. During the year the environmental objective relating to the recovery and recycling of the generated waste has been 100% accomplished, by delivery to certified and specialized companies with which service contracts have been concluded.

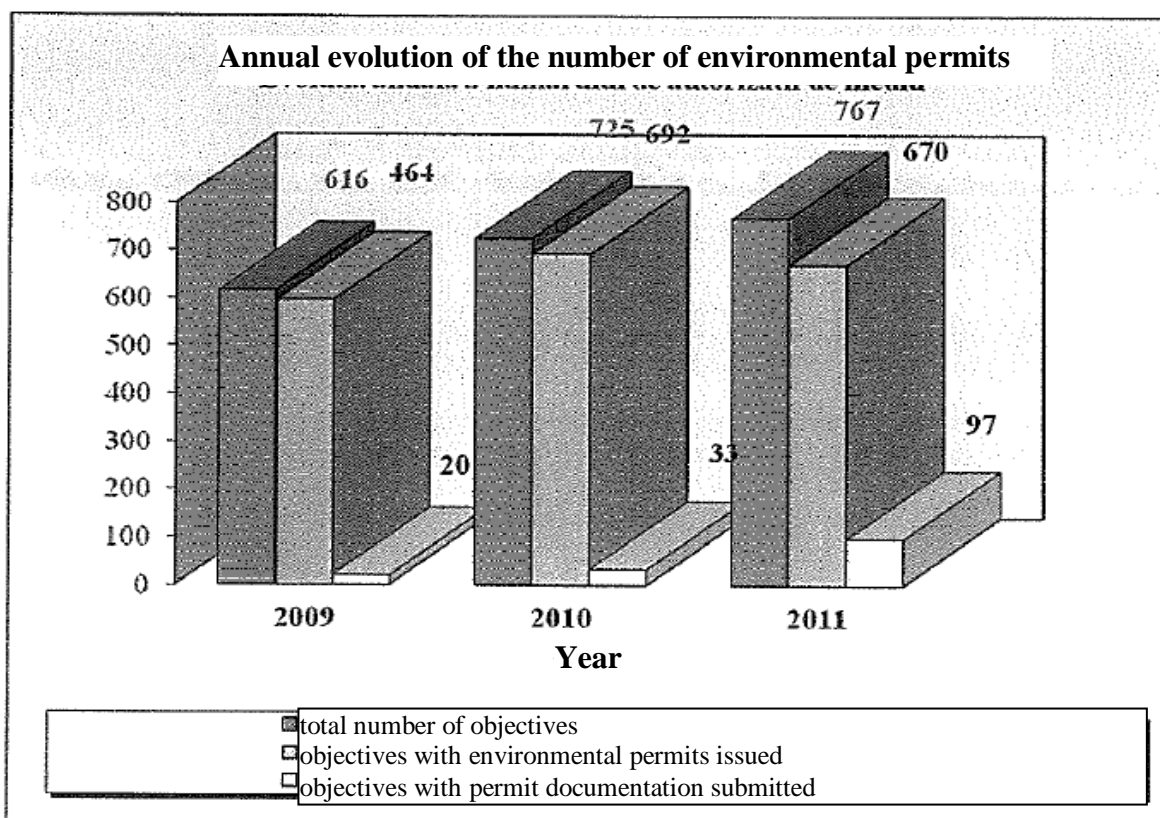
According to the Order of the Ministry of Environment and Sustainable Development no. 1798/2007 approving the "Procedure of issue of the environmental permit", the procedure for acquiring environmental permits for pipelines and Adjustment-Measuring Stations continued, in 2011, in the following cases:

- the permit expired;
- they were commissioned in 2010;
- they were taken over by the company,

action which materialized in the renewal of **14** permits. The **14** environmental permits regulate the activity of **81** sites of the company. The Territorial Sites of Craiova and Braşov submitted the documentations to the National Agency for Environmental Protection for objective permitting.

In 2011, the total number of objectives that needed to be subject to permitting was of **767**; among them, at the end of the year, **670** had been issued permits and for the other **97**, the documentations needed for annual permitting (renewal of the permit) were submitted to the appropriate competent authorities, in accordance with the due date and methodology. The number of authorized sites increased by **5.8%** compared to 2010 due to the objectives taken over by the company from third parties and due to the implemented objectives.

The dynamics of annual permits is represented in chart below:



On the other hand, in accordance with Water Law no. 107/1996, as subsequently amended and supplemented and Order of the Ministry of Environment and Water Management no. 662/2006, SNTGN "TRANSGAZ" S.A. operates based on water management permits.

Thus, as of 31.12.2011, SNTGN "TRANSGAZ" S.A. held a number of **122** water management permits, for all river basins. In 2011, **34** permits for the river basins Olt, Someș, Jiu, Siret, Crișuri, Ialomița and for Batani site and STC Vințu were renewed and a notification was annulled, for Hurezani site, which was connected to the local water network. Technical documentations have been drawn up and submitted to the Romanian Waters Branches for **45** water course crossings and for Dealu Frumos Motorcompressor Station, in view of obtaining the water management permits, and for **2** of them the regulation documents were issued.

In accordance with the Government Emergency Ordinance no. 196/2005 on the environmental fund, as subsequently amended and supplemented, the company declared and paid monthly within the legal deadlines the charges for discharge of pollutants into the atmosphere, originating from fixed sources, amounting to **1268 lei**. For the sale of iron waste generated within the company, the payment was made by stoppage-at-source and amounted to **5746.53 lei**.

Based on the provisions of the Order of the Ministry of Economy and Trade no. 175/2005 on environmental protection, the quarterly reports were submitted.

6.5. Fines, Accidental Events and Litigation

In 2011, 19 inspections were conducted at SNTGN TRANSGAZ SA sites by the Environmental Guard and by the Basin Water Administration, which finalized with 3 fines amounting to **42,500 RON**. As regards the complaint of violation for the annulment of the Record of Findings and Penalties series AA no. 44 912/15.03.2011 by which the company was sanctioned for not having environmental permit for the activity of transportation and storage of goods- ethyl mercaptan, NACE code 4941 and 5210, the appeal lodged by the company was admitted, the decision being final and irrevocable; the company will recover the amount of **15,000 lei**. As regards the complaint of violation for the annulment of the Record of Findings and Penalties series AA no. 13133/09.11.2011 by which the company was sanctioned for not having water management permit and for the expiry of environmental permit, the process is pending before the Court of Agnita, case in which there are great chances to transform the fine in a warning and to recover the amount of **15,000 lei** because of the evidence submitted.

The company permanently strives to implement de ordered measures, some of them being permanent, other with a due date.

In December 2011, the Environmental Fund Administration issued the notice and the enforceable title for the recovery of the amount of **688 lei**, trial which is pending before the court.

The natural gas compression stations, by the nature of their activity, were inspected with a higher frequency, i.e. for a share of **25%** of the total inspections within the company. Activities followed during such inspections concerned oil management (especially used oil) and water permits, in conjunction with the resulting waste water.

The unitary coordination of the Environmental Management System implemented within SNTGN "TRANSGAZ" S.A. according to the Standard SR EN ISO 14001:2005, identified no non-conformity within the monitoring audits conducted by SRAC.

6.6. Concerns in the Field of Occupational Safety and Health in 2011

During 2011, the activity in the field of occupational safety and health was mainly aimed at implementing the measures included in the "Prevention and Protection Plan", approved by the Board of Directors in its meeting of November 26th, 2010, based on the Report of the Directorate for C-M.P.P., no. 27.890/19.11.2010. In order to mitigate and/or eliminate the risks of accidents and professional illnesses at the work place within the company, specific actions that contributed to the

materialization of the measures planned were carried out, giving priority to those with a technical, organizational and sanitary-medical character:

A. The organizational measures were carried out as planned, as follows:

1. The medical examination of the workers was ensured as required by law, through companies specializing in occupational medicine.

2. According to the legal provisions, the types of personal protective equipment for the appropriate equipment of the workers were purchased and put to use, ensuring the necessary quantities required by the territorial sites.

3. The actions of "*Identification and assessment of the risks of accidents and professional illnesses*" continued through the assessment teams established at the level of the company, at work points within the territorial sites. Consequently, based on these studies (the results of the assessments), the Prevention and Protection Plans for the year 2011 corresponding to each territorial site, were drawn up.

4. In order to ensure the safety signalling according to the Government Decision no. 971/2006, a service contract has been concluded for the provision of enamelled sheet signalling and warning plates. They have been distributed according to the requirements of territorial sites.

5. A contract with I.N.C.D- I.N.S.E.M.E.X Petroşani (for a period of 3 years) has been concluded for certification services regarding the certification for systems in dangerous areas (e.g. recertification, preparation of the report for explosion protection and zoning approval for adjustment-measuring stations, compression stations, etc.). Thus, the legal provisions resulting from Law no. 319/2006 on occupational safety and health, Government Decision 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 complied with.

6. During 2011, the inspectors within the Prevention and Protection Service collaborated with the specialists within I.N.C.D-I.N.S.E.M.E.X Petroşani in order to prepare the technical documentation and the explosion protection report for a number of 54 sites with potentially explosive environment within SNTGN TRANSGAZ S.A.

7. In the period July- September 2011 we have organized, within Transgaz, the course of training-certification of the coordinators in the field of occupational safety and health, during the period of elaboration of the work project and during the period of the work, according to Government Decision no. 300-2006 on the minimum safety and health requirements for temporary or mobile sites. Currently, in Transgaz, there are 27 OSH coordinators for sites (designers, engineers/site managers and OSH inspectors).

8. In order to implement and certify an occupational safety and health management system, according to OHSAS 18.001- Occupational Health and Safety Assessment Health, a pre-audit has been carried out within the company, for certification, with the Romanian Company for Quality Assurance SRAC, based on order no. A003-18.04.2001.

9. Within the period 9-11.11.2011, the specialists within the Prevention and Protection Service participated in the international occupational safety and health symposium SESAM 2011 organized by INSEMEX Petroșani and Bucharest Labour Inspectorate.

10. Within the period October-November 2011, within I.N.C.D.- INSEMEX Petroșani, 5 employees within the territorial sites were recertified, in terms of Ex, by the examination procedure for maintenance activity, and 11 employees within Transgaz Mediaș were certified, in terms of Ex, by seminar and examination procedure for control and maintenance activities.

B. Technical Measures

During the year, the technical measures provided for in the Prevention and Protection Plans for work places were gradually carried out, depending on the severity of the existing risks and taking into account the projects of S.N.T.G.N. Transgaz SA regarding the policy of upgrading of the National Transportation System: Adjustment-Measuring Stations, pipeline routes, measuring panels, workshops, offices, auxiliary work places.

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 signed 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 Internal Prevention and Protection Service, in accordance with the Control Program, drawn up by the Directorate for C-M.P.P. and approved by the Chief Executive Officer. Thus, through specific means, it was managed to supervise the activity in all the types of work places and remedy the lack of conformity found in an operative manner.

During 2011, 14 controls have been conducted by the Territorial Labour Inspectorates, following which the company received no fine for the failure to comply with the specific occupational safety and health provisions.

As regards occupational accidents, in 2001 there were 3 occupational accidents within SNTGN Transgaz SA, resulting in temporary disability, amounting to 104 days. In 2011 there weren't any cases of occupational diseases within SNTGN Transgaz SA Mediaş.

Statement "Apply or Explain" - March 2011
SNTGN TRANSGAZ S.A. MEDIAS

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 Director has general powers to carry out all acts needed for the successful performance of the company's business object, except for matters falling within the competence of the General Meeting of Shareholders, in accordance with the provisions of the Memorandum of Association, as updated as of 29.03.2010 or of 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 during 2010 the <i>Rules of Corporate Governance of SNTGN Transgaz SA Medias</i> , document that 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 chapter 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 governance structures?	X		
		b) updated Memorandum of Association?	X		
		c) internal rules of operation / its essential aspects for each commission/specialized committee?	X		
		d) Statement "Apply or Explain"?	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 the website, details regarding the General Meeting of Shareholders (GMS):	X		
		a) the notice of convocation to the GMS?			
		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 the AGM?	X		
		b) regarding the detailed result of the vote?	X		
		Does 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 rules associated with it?		X	Information is disseminated by the investment firm with which the transaction is made. These notifications will be published on the BSE website.
P6		Does the structure of the Board of Directors of the issuer 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		
	R15	In its activity, is the BD provided with support from the Advisory Committees/Commissions to examine specific themes,	X		

		chosen by the BD, and for his advice on these topics?			
		The Advisory Committees/Commissions will submit Activity Reports to the BD regarding the themes it has entrusted?	X		
	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, 13	R25	Does the issuer disseminate in English the information subject to	X		

	reporting requirements: a) regular information (provision of regular information)?			
	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 regularly the effectiveness of financial reporting, internal control and risk management system adopted by the company?	X		
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	X		

		regarding the selection, appointment, re-appointment and replacement of the financial auditor, as well as the terms and conditions of its remuneration?			
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		

ANNEXES TO Chapter 4 (4.1) a)**CVs of the directors**

COSMA EMIL FLORIN	
Member of the Board of Directors and CEO, Transgaz	
<i>Medias, Piata C. I. Motas nr. 1, Sibiu county</i>	
September 15, 2010 - ongoing	Transgaz - Chief Executive Officer
September 15, 2010 - ongoing	Transgaz - Director
2007 - 2010	SNTGN Transgaz SA Medias - Manager of the National Natural Gas Dispatching Unit
2006 - 2007	SNTGN Transgaz SA Medias - Manager of the Branch of Research and Design for Natural Gas Transportation
1997 - 2006	Romgaz SA - Engineer, Head of the Design office, Head of Gas Measurement Service, Exploitation Chief Engineer
1991 -1997	SC Armax SA Medias - Engineer
<p>Mr. Cosma Emil Florin graduated from the Oil and Gas Institute of Ploiesti - Faculty of Petroleum Technological Equipment</p> <p>Mr. Cosma Emil Florin is a member of the professional association Technical Committee CT 357 Natural Gas</p> <p>Mr. Cosma Emil Florin is the author of the following publications:</p> <ul style="list-style-type: none"> • Elemente pneumatice de reglare si siguranta de productie indigena utilizate in industria gaziera din Romania, Editura Universitatii Lucian Blaga Sibiu 2002 - co-author • Course of qualitative characterization and odorization of natural gas, Editura Universitatii Lucian Blaga Sibiu, 2005 - co-author 	

SCHMIDT VICTOR ALEXANDRU	
Chairman of the Board of Directors	
<i>Medias, Piata C. I. Motas nr. 1, Sibiu county</i>	
March 24, 2009 - ongoing	Transgaz - Chairman of the Board of Directors
1990 - ongoing	Ministry of Economy - Directorate General for Industrial Policy and Competitiveness
1981-1990	ICTCM Bucharest, Institute of Development

	Research for Technology of Construction Machinery
1978 - 1981	IMUT Moreni - Technology Machinery and Equipment Company
1969 - 1978	IUG Grivita Rosie Bucharest - Heavy Equipment Company
<p>The main specializations of Mr. Schmidt: Analysis and programs in SPAD, management and organization of the assembly workshops, use of IBM/PC compatible micro-computer, quality management, industrial policies and support services program 1994-Training for project engineers-managers, European integration and policies 1997 PHARE</p> <p>Mr. Schmidt has completed post-graduate courses "Management of Public Institutions".</p> <p>Mr. Schmidt is the author of numerous published articles:</p> <ul style="list-style-type: none"> • Sistem de pregătire tehnologică asistată de calculator pentru fabricarea echipamentelor tehnologice, Editura Tehnică • Guide for Implementing the Directives based on the New Approach and the Global Approach-2004 • Coordinator of the Sectoral Plan for R&D for the Processing Industry • Participation in the development and implementation in Romania of the following documents: <ul style="list-style-type: none"> - Romania's National Development Plan for 2007-2013 - National Reform Plan - Lisbon Strategy for Romania - National Plan for Sustainable Development 	

ALBULESCU MIHAI ADRIAN	
Member of the Board of Directors	
<i>Medias, Piata C. I. Motas nr. 1, Sibiu county</i>	
March 24, 2009 - ongoing	Transgaz - Director
1999- ongoing	Oil and Gas University of Ploiesti - Associate Professor
1990-1999	Oil and Gas University of Ploiesti - Lecturer
1983-1990	Oil and Gas University of Ploiesti - Teaching Assistant
1982-1983	Oil and Gas University of Ploiesti - Substitute

	Teaching Assistant
1979-1982	SC UPETROM SA Ploiesti
<p>Mr. Albulescu conducts various educational activities in technical higher education, scientific research in oil and gas industry, design, verification and approval of designs for gas pipelines for distribution and transportation of gas, scientific research in the field of renewable energies, namely wind, geothermal and solar energy.</p> <p>Mr. Albulescu holds the scientific title of Associate Professor Engineer Sc.D. with the Oil and Gas University in Ploiesti</p> <p>Mr. Albulescu is the author and co-author of many articles and specialized books and a member of various associations (General Association of Engineers in Romania, Society of Petroleum Engineers in Romania, Romanian Society of Thermal Technicians)</p>	

RAICU IONICA	
Member of the Board of Directors	
<i>Medias, Piata C. I. Motas nr. 1, Sibiu county</i>	
March 24, 2009 - ongoing	Transgaz - Director
2009- ongoing	Ministry of Economy, Trade and Business Environment - General Directorate for Investments and IT
2007 - 2009	Bucharest City Hall, General Directorate for Operations
1998-2007	Bucharest City Hall, Directorate for Information Systems
1995-1998	Street Management
1992-1995	Administration of the Public Domain
1980-1992	Factory of Peripheral Equipment
<p>Mrs. Raicu graduated from Master in Public Administration and European Integration at the Athenaeum University in Bucharest and Project Management at the Academy of Economic Studies in Bucharest</p> <p>Mrs. Raicu participated in various national and international conferences, where she was awarded numerous prizes:</p> <ul style="list-style-type: none"> - Geospatial Word 2006, Sinaia, Romania – Award for groundbreaking ideas - Geospatial World, 2005 San Francisco, US - Award for outstanding geospatial achievements, Intergraph's 2005 Geospatial Achievement Award "Urban data bank" 	

- Mamaia, Romania 2004 – Award “Solution of the year 2004”

Mrs. Raicu holds various key qualifications:

- Primavera Project Planner for the Enterprise – TotalSoft
- Infrastructure solutions for e-Administration
- Project management – Oracle University
- GeoMedia Professional (GIS) - Intergraph
- Auditor ISO9001- SRAC and QUASI
- ORACLE8- Database Administration- Oracle University

TRUTA OANA

Member of the Board of Directors

Medias, Piata C. I. Motas nr. 1, Sibiu county

April 2011 - ongoing	Transgaz - Director
April 2010 - ongoing	Franklin Templeton Investment Management, Bucharest- Vice-President- Investment Analyst
June 2004 – March 2010	Interdealer Capital Invest, Cluj Napoca- Investment Analyst
September 2003 – December 2003	Cato Institute, Washington DC- Internship

Mrs. Truta graduated from Babes Bolyai University, Faculty of Economic Sciences- Finance- Insurances and from Master in Quantity Economics and Finance within the same faculty.

Mrs. Truta participated in various national and international conferences:

- Asset Management and International Capital Markets, May 2008 – Frankfurt;
- The economics of private equity market, August 2007- Stockholm;
- Toward a Free and Virtuous Society, November 2003- Seattle USA;
- Seminar “Europe and Liberty”, August 2002- Jundola, Bulgaria;
- American Institute on Political and Economic Systems, August 2002- Prague;

Mrs. Truta is co-author of specialty books:

- “Companies’ solution to weather’s vagaries”, October 2004.