



## **THE NATIONAL GAS TRANSMISSION COMPANY**

# **INTERNAL RULES OF PROCEDURE**

**On the structure and operation of the Company's  
Board of Administration Advisory Committees**

## CONTENTS

<b>Chapter</b>	<b>Contents</b>	<b>Page</b>
<b>Chapter 1</b>	<b>Legal framework for the establishment, structure and operation of the Board of Administration Advisory Committees</b>	<b>3</b>
<b>Chapter 2</b>	<b>Name of Advisory Committees</b>	<b>4</b>
<b>Chapter 3</b>	<b>Tasks of the Advisory Committees</b>	<b>4</b>
<b>Chapter 4</b>	<b>Board of Administration Advisory Committees Membership</b>	<b>16</b>
<b>Chapter 5</b>	<b>Report for the monitoring and assessment of the Advisory Committees' activity - template</b>	<b>17</b>

## CHAPTER 1

### LEGAL FRAMEWORK FOR THE ESTABLISHMENT, STRUCTURE AND OPERATION OF THE BOARD OF ADMINISTRATION ADVISORY COMMITTEES

- **Companies' Law no. 31/1990**, republished, as amended, art. 1381 para. 2, art. 1382 para. 2, art. 140<sup>2</sup> para. (1) and para. (2);
- **GEO no. 109/2011** on the corporate governance of public enterprises, art. 34 and art. 55 para. (2) and para. (3), as amended;
- **Law no. 162/2017** on the statutory audit of the annual financial statements and of the consolidated annual financial statements and for the amendment of normative acts;
- **Corporate Governance Code** of the Bucharest Stock Exchange;
- **The Articles of Incorporation of SNTGN Transgaz SA**, updated;
- **Resolutions of the Board of Administration (BoA):**
  - **BoA Resolution No.31/14.08.2024;**
  - **BoA Resolution No. 32/31.10.2023;**
  - **BoA Resolution No. 23/24.08.2023;**
  - **BoA Resolution No.37/08.12.2022;**
  - **BoA Resolution No.20/20.06.2022;**
  - **BoA Resolution No.19/23.06.2021;**
  - **BoA Resolution No.16/10.05.2021;**
  - **BoA Resolution No. 10/28.02.2018**
  - **BoA Resolution No. 22/11.07.2017**
  - **BoA Resolution No. 15/16.05.2017**
  - **BoA Resolution No. 39/17.12.2015**
  - **BoA Resolution No. 43/19.11.2014;**
  - **BoA Resolution No. 21/ 16.06.2014;**
  - **BoA Resolution No. 2/ 10.02.2014;**
  - **BoA Resolution No. 13/ 29.07.2013;**
  - **BoA Resolution No. 7/ 27.05.2013;**
  - **BoA Resolution No. 16/ 30.10.2009;**
  - **BoA Resolution No. 13/ 24.09.2009.**

## CHAPTER 2

### ADVISORY COMMITTEES

- 1. The Nomination and Remuneration Committee;**
- 2. The Audit Committee;**
- 3. The Risk Management Committee;**
- 4. The NTS Regulatory, Safety and Security Committee;**
- 5. The Corporate Governance and Sustainability Committee.**

## CHAPTER 3

### TASKS OF THE ADVISORY COMMITTEES

- 1. THE NOMINATION AND REMUNERATION COMMITTEE**
  - assesses the cumulative professional skills, knowledge and experience at the level of the Board of Administration, directors and other management functions;
  - elaborates and proposes to the Board of Administration the procedure for the selection of candidates for the positions of director and other management positions;
  - recommends to the Board of Administration candidates for the listed positions;
  - applies best practices of corporate governance by improving knowledge of the company's business and constantly updating the professional competencies of Board members;
  - develops the remuneration policy for administrators and directors;

- submits such remuneration policy for approval to the General Meeting of Shareholders on the occasion of each significant change and, in any case, at least every 4 years;
- organizes training sessions for the members of the Board;
- formulates proposals on the remuneration of administrators and directors, in compliance with the approved Remuneration Policy communicated by AMEPIP;
- informs about the remuneration policy in the Corporate Governance Regulations of the Company;
- presents in the Annual Report the total remuneration broken down by component, the relative proportion of fixed and variable remuneration, an explanation of how total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the issuer, and information on how the performance criteria have been applied in determining the remuneration of non-executive directors, it will observe the principle of proportionality of this remuneration with the responsibility and time devoted to the exercise of their functions by the latter;
- draws up an annual report on the remuneration and other benefits granted to the administrators and directors clear and easy to understand, giving a comprehensive overview of remuneration, including all benefits, in whatever form, granted or due during the last financial year, individual leaders, including newly recruited and former leaders in accordance with the remuneration policy;
- supports the Board in assessing its own performance as well as the performance of executive management, aiming at both the execution of the contract 6 Internal Regulation on the organization and functioning of the Consultative Committees established at the level of

the Board of Administration of the mandate company, as well as the management component of the management plan;

- may, where appropriate, call on external experts to assist with the tasks they are required to perform.

**Note:**

- *the committee shall be composed of at least two members of the Board of Administration in accordance with art. 140<sup>2</sup> paragraph (1) of the Companies Law, republished and updated;*
- *the committee shall be composed of non-executive administrators, at least one of the members of the committee shall be an independent non-executive administrator, in accordance with art. 140<sup>2</sup> paragraph (2) of the Companies Law, republished and updated and art. 34 paragraph (4) of GEO 109/2011 on corporate governance of public enterprises, updated.*

## 2. THE AUDIT COMMITTEE

- assists and issues recommendations to the Board of Administration regarding the setting of the accounting and financial control system and the financial planning;
- monitors the effectiveness of the entity's internal audit regarding the audited entity's financial reporting, without violating its independence;
- monitors the statutory audit of the annual financial statements and of the consolidated annual financial statements, especially its performance, considering the findings and conclusions of the competent authority, in accordance with art. 26 para. (6) of EU Regulation no. 537/2014;
- assesses conflicts of interest in connection with the transactions of the company and its subsidiaries with related parties;
- monitors the application of legal standards and generally accepted internal audit standards;

- receives and evaluates the reports of the internal audit team;
- presents regular reports to the Board of Administration;
- prepares and submits to the Board of Administration for approval an opinion on the policy to make sure that any transaction of the company with any of the companies it has close relations with, whose value is equal to or greater than 5% of the net assets of the company (according to the latest financial report) is approved by the Board;
- meets whenever necessary, but at least twice a year when preparing the half-yearly and annual results, when ensuring their dissemination to shareholders and the general public;
- Verifies the compliance of the audit reports with the audit plan approved by the company;
- assists the Board of Administration in monitoring the reliability and integrity of the financial information supplied by the company, in particular by revising the relevance and consistency of the accounting standards applied by it;
- cooperates with the company's external financial auditor, who presents to the Committee a report of the relationship existing between the external auditor and the company and its group;
- is responsible for the selection procedure of the financial auditor or audit firm and recommends to the general meeting of shareholders the financial auditor or audit firm (s) to be designated in accordance with Article 16 of EU Regulation no.537/2014, unless Article 16 paragraph (8) of EU Regulation no. 537/2014 applies;
- evaluates and monitors the independence of the financial auditors or audit firms in accordance with art. 21-25, 28 and 29 of Law no.162/2017 on the statutory audit of the annual financial statements and consolidated annual financial statements and amending certain acts

and Article 6 of EU Regulation no. 537/2014 and, in particular, the opportunity to provide non-audit services to the audited entity in accordance with Article 5 of such Regulation;

- informs the members of the Board of Administration of the audited entity about the results of the statutory audit and explains how the statutory audit contributed to the integrity of the financial reporting and what was the role of the committee in this process;
- monitors the financial reporting process and submits recommendations or proposals to ensure its integrity;
- monitors and analyses the fulfilment of the performance indicators of the transmission system and of economic-financial performance of the company's activity;
- monitors the degree of fulfilment of the financial and non-financial performance indicators resulting from the management plan for the administrators and directors of the Company;
- fulfils the responsibilities provided in art. 34 paragraph (3) of GEO 109/2011.

**Note:**

- *the committee shall be composed of at least three members of the Board of Administration and the majority of the members shall be independent, in accordance with art.B.1. of the BSE Corporate Governance Code;*
- *the committee shall be composed of non-executive administrators, the majority of the administrators being independent, in accordance with art. 140<sup>2</sup> paragraph (2) of the Companies Law, republished and updated and art. 34 paragraph (4\*1) of GEO 109/2011 on corporate governance of public enterprises, updated;*
- *is competent to be part of the Audit Committee of an entity of public interest, within the meaning of art. 65 para. ( 3 ) of Law no. 162/2017, updated, and the person who has at least 3 years of experience in statutory audit acquired through participation in statutory audit missions in Romania, in another Member State, in an EFTA State, in Switzerland or in the United Kingdom of Great Britain and Northern Ireland or in the Audit Committees formed at the level of the Boards of*



*Directors / Supervision of some companies / entities of public interest, proven with documents;*

- *the chairman of the committee shall be an independent non-executive member, in accordance with art.B.2. of the Corporate Governance Code of BSE;*
- *the chairman of the committee is appointed by its members or by the Board of Administration of the audited entity and is independent of the audited entity, in accordance with art.65 paragraph (5) of Law no.162/2017 on the statutory audit of the annual financial statements and of the consolidated annual financial statements and amending some regulatory acts.*

### **3. THE RISK MANAGEMENT COMMITTEE**

- ensures the concordance of control activities with the risks generated by the activities and processes that are subject to control;
- identifies, analyses, evaluates, monitors and reports the identified risks, the mitigation or anticipation measures plan, other measures taken by the executive management;
- is responsible for measuring the solvency of the public companies in relation to its usual tasks and obligations, and informs or, as appropriate, makes proposals to the Board of Administration to that effect;
- performs an annual assessment of the internal control system and presents relevant reports to the Board of Administration;
- monitors risk management in sustainability issues, in terms of ESG issues, industry developments and the implementation of effective crisis management policies;
- monitors the reporting of sustainability information and related processes within the Company to identify the information reported according to the relevant sustainability reporting standards;
- informs the Board of Administration of the outcome of reporting sustainability information;

- assists the Board of Administration in defining the Company's strategy on ESG issues (Environmental, Social and Governance) by understanding how the Company is able to create value considering ESG influences;
- monitors external ESG trends, understands the risks and opportunities associated, as well as the expectations of the Company's main shareholders in this regard;
- monitors the Company's impact on the natural environment and adapts it to climate change;
- monitors the Company's interactions with its employees, shareholders and communities in which it operates, including applicable employment policies (for example, employee relations and involvement, diversity, non-discrimination and equal treatment, health, safety and well-being), any social or community projects undertaken by the Company;
- oversees the Company's policies, practices and performance on ESG issues;
- reports to the Board of Administration current and emerging topics related to ESG issues that may affect the Company's business, operations, performance or public image or that are relevant to the Company and shareholders;
- monitors actions or initiatives taken to prevent, mitigate and manage risks related to ESG issues that may have a significant negative impact on the Company or that are otherwise relevant to shareholders and provide guidance in this regard;
- analyzes the risks and opportunities associated with social, environmental and economic impact, measured from a stakeholder perspective;
- updates the company's sustainability risk matrix;

- examines risk assessment and mitigation plans and informs the Board of Administration about them.

**Note:**

*the committee will be composed of non-executive administrators, at least one of the members of the committee will be an independent non-executive administrator, in accordance with art. 140<sup>2</sup> para. ( 2 ) of the Companies Law, republished, updated and art. 34 para. (2<sup>^</sup>1) of GEO 109/2011 on corporate governance of public enterprises, updated.*

#### **4. THE NTS REGULATORY, SAFETY AND SECURITY COMMITTEE**

- periodically reviews the critical infrastructure criteria list of Transgaz and the established security measures;
- monitors/analyses technology consumption reduction activity at NTS level;
- monitors/analyses the work of the Working Group for the elaboration of the draft revisions of the Network Code for the National Gas Transmission System necessary for the configuration of a natural gas market model on the entry-exit system with the use of the virtual trading point (VTP);
- provides the necessary conditions for the implementation of measures to protect all critical infrastructure objectives of the company or under the authority/coordination of the company;
- monitors / updates its own programs for preventing and combating terrorism through optimal physical and organizational protection measures, with recommendations to the Board of Administration;
- monitors the fulfilment of programs for maintenance and modernization of NTS development as well as the observance of the

technical norms for operation and maintenance of production capacities;

- analyses new investment projects that contribute to the achievement of a sustainable natural gas transmission system in order to monitor and operate the NTS in a safe, efficient and environmentally sound manner;
- monitor gas purchase contracts necessary for balancing the NTS and the evolution of purchase prices;
- monitors the expansion, development and upgrading of natural gas transmission infrastructure;
- assists the Board of Administration in analysing regulatory activity and the legal obligations incumbent on the company in this area;
- monitor the company's compliance with the obligations laid down in the regulations applicable to its activities;
- examines and submits proposals to the Board of Administration on the creation of a common regulatory framework, a common strategy and vision for the development of the national system with the European natural gas transmission system in order to create an integrated energy market;
- monitors collaborative relations with public authorities and assists the Board in establishing and managing collaboration policy.

**Note:**

- ***the committee shall be composed of at least two members of the Board of Administration in accordance with art. 140<sup>2</sup> para. (1) of Companies' law, republished and updated;***
- ***at least one of the members of the committee shall be an independent non-executive administrator, in accordance with art. 140<sup>2</sup> paragraph (2) of the Companies Law, republished and updated.***

## 5. THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

- evaluates the overall performance of the company and regularly compares the results achieved with those planned;
- monitors the effectiveness/efficiency of governance practices at Company level;
- monitors and resolves potential conflicts of interest;
- recommends to the Board of Administration improvements to the Company's corporate governance processes;
- assists the Board of Administration in fulfilling its responsibilities in the field of elaboration and updating of the general strategy of the development of company;
- analyses the opportunities identified for business development and issues recommendations to the Board of Administration on these;
- analyses and assists the Board of Administration on the direction of international development and cooperation of the company;
- monitors and analyses the implementation of strategic and action plans / programs regarding the obligations of Transgaz as an NTS technical operator and stock exchange issuer;
- develops proposals for improving and streamlining strategic activity, development and collaboration;
- addresses recommendations to the Board of Administration on the effective operation of strategic and action plans / programs i.e. Modernisation Programme, Investment Development Programme, NTS Repair and Rehabilitation and Maintenance Programme, Design Programme, Research Programme, Procurement Programme, Programme for Other Third-Party Services;

- examines proposals for changes to the organisational structure of SNTGN Transgaz SA, with a view to streamlining and optimising the company's activities;
- reviews the proposals contained in the Employee Training and Development Programme and monitors its implementation;
- regularly reviews the state of implementation of the Annual Sectoral Procurement Programme approved at company level;
- reviews the policy on granting sponsorships and social aid at SNTGN Transgaz SA level;
- analyses/monitors the evolution of non-moving stock and the degree of implementation of the plan of measures to reduce non-moving stock at SNTGN Transgaz SA, with a view to making the company's activity more efficient;
- examines proposals for the establishment/dissolution of points of operation within SNTGN "TRANSGAZ" SA;
- reviews the Sustainability Report of SNTGN Transgaz SA for compliance with European and national non-financial reporting legislation;
- makes recommendations to the Council on the structure and responsibilities of the Advisory Committees set up at Board level;
- provides oversight on significant public policy issues regarding the Company's relationships with shareholders, employees, customers, competitors, suppliers and the communities in which it operates;
- reviews the Company's Code of Ethics, including its programs to promote ethical conduct, and provide recommendations to the Board of Directors regarding approval of the Code of Ethics;
- assists the Board of Administration in drawing up the Management Plan.

**Note:**

- *the committee shall be composed of at least two members of the Board of Administration according to Art. 140<sup>2</sup> (1) of the Companies` Law, as republished and updated;*
- *at least one member of the committee shall be an independent non-executive administrator according to Art. 140<sup>2</sup> (2) of the Companies` Law, as republished and updated.*

## CHAPTER 4

### COMPOSITION OF ADVISORY COMMITTEES SET UP AT THE LEVEL OF THE COMPANY'S BOARD OF ADMINISTRATION

<b>1. NOMINATION AND REMUNERATION COMMITTEE</b>	
<b>MINEA NICOLAE</b>	<b>non-executive administrator, independent, chairman of the committee</b>
<b>VĂDUVA PETRU ION</b>	<b>non-executive administrator</b>
<b>HANZA ADINA-LĂCRIMIOARA</b>	<b>non-executive, independent, interim administrator</b>
<b>2. AUDIT COMMITTEE</b>	
<b>MINEA NICOLAE</b>	<b>non-executive, independent administrator, chairman of the committee</b>
<b>HANZA ADINA-LĂCRIMIOARA</b>	<b>non-executive, independent, interim administrator</b>
<b>VĂDUVA PETRU ION</b>	<b>non-executive administrator</b>
<b>3. RISK MANAGEMENT COMMITTEE</b>	
<b>MINEA NICOLAE</b>	<b>non-executive, independent administrator, chairman of the committee</b>
<b>VĂDUVA PETRU ION</b>	<b>non-executive administrator</b>
<b>VON DERENTHALL ILINCA</b>	<b>non-executive, independent</b>
<b>4. NTS REGULATORY, SECURITY AND SAFETY COMMITTEE</b>	
<b>HANZA ADINA-LĂCRIMIOARA</b>	<b>non-executive, independent, interim administrator, chairman of the committee</b>
<b>STERIAN ION</b>	<b>executive administrator</b>
<b>VĂDUVA PETRU ION</b>	<b>non-executive administrator</b>
<b>5. CORPOATE GOVERNANCE AND SUSTAINABILITY COMMITTEE</b>	
<b>VON DERENTHALL ILINCA</b>	<b>non-executive, independent, chairman of the committee</b>
<b>STERIAN ION</b>	<b>executive administrator</b>
<b>HANZA ADINA-LĂCRIMIOARA</b>	<b>non-executive, independent, interim administrator</b>



## CHAPTER 5

**TEMPLATE**

### Activity Report of the Advisory Committees set up at the level of the Board of Administration of SNTGN “Transgaz” SA for the period

.....

**1. ADVISORY COMMITTEE .....**

**2. COMPONENTENCE OF THE ADVISORY COMMITTEE:**

**1. MS/MR .....**

**2. MS/MR .....**

**3. MS/MR .....**

**3. SPECIFICATIONS REGARDING THE PERFORMED ACTIVITIES:**

▪ **CONSULTATIONS.....**

.....  
.....

▪ **PERFORMED ANALYSIS.....**

.....  
.....  
.....

▪ **WORKS CARRIED OUT (REPORTS/NOTES/LETTERS) .....**

.....  
.....  
.....

▪ **PROPOSALS/MEASURES/RECOMMENDATIONS.....**

.....  
.....  
.....  
.....

**No...../Date.....**

**Ms.....**

**Mr.....**

### **NOTE TO THE ADVISORY COMMITTEES ACTIVITY REPORT:**

#### **Point 3:**

- At `**Consultations**` – the discussions and meetings with the executive management of the company will be considered, it will be mentioned `were necessary` or `were not necessary` and, if they were, the Division/Unit/Department with which discussions were held will be indicated;
- at `**Performed analysis**` - the analysed issues and the support materials used in the analysis will be indicated (e.g. investment programmes, budget, research programmes...);
- at `**Works carried out**` - the types and titles of the works carried out will be indicated, as the case may be.