

SUSTAINABLE ROMANIAN ENERGY

ANNUAL SUSTAINABILITY REPORT
2017





Summary

Introduction

About the Report / 4
Welcome Message / 5
2017 Highlights / 6

#1

OUR COMPANY

Tradition and Performance: Romgaz History / 12
Economic Profile / 14
Corporate Governance Principles / 16
Ethics and Anti-Corruption Policies / 16
Integrity and Responsibility / 19
Compliance / 22
Corporate Governance Structure / 24
Recognition / 27
Affiliations / 28

#2

INTEGRATING SUSTAINABILITY

Our stakeholders / 34
Materiality assessment / 38
Stakeholders' Perspective / 42

#3

OUR RESOURCES AND ACTIVITIES

Our operations / 46
Procurement Chain and Procurement Policy / 50

#4

OUR EMPLOYEES

Employees / 54
Work Environment / 58
Fight Against Discrimination / 60

Open Communication with Employees / 62
Benefits for the Employees / 63
Professional Development and Training / 64
Performance Management / 68
Occupational Health and Safety / 69
Collective Bargaining Agreement and Trade Unions / 70
Projects for Our Employees / 71

#5

ENVIRONMENTAL PROTECTION

Environmental Performance / 74
Energy / 76
Effluents and Waste / 78
Transport and Greenhouse Gas Emissions / 82
Biodiversity / 84
Environment Actions in 2017 / 88
Objectives for 2018 / 90

#6

RELATIONSHIP WITH LOCAL COMMUNITIES

Investments for the Economic Development and Infrastructure Improvement in Local Communities / 94
Financial Contributions / 96
GRI Index / 108

About the Report

This is the first sustainability report published by S.N.G.N. Romgaz S.A. The report on the activity of 2017 shows for the first time the non-financial performance and details the material topics identified by the first materiality study performed by the company. The structure of the report and the manner of approaching the topics comply with the principles and guidelines of the non-financial reporting standards of Global Reporting Initiative, issued in October 2016.

Our first sustainability report has been prepared to meet the requirements of the Core option.

By issuing this report we commit to report annually our progress to reach the proposed targets in order to ensure a solid future for our company. As regards this report, technical consultancy was provided by The CSR Agency professionals. All data were collected by Romgaz employees, whom we thank on this occasion.

Romgaz believes that transparency and communication are highly important for the positive evolution of the company. Therefore, Romgaz stakeholders that wish to send their opinion are asked to communicate open with the company through the available communication means.

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Dear readers,

I am honoured to share with you our first sustainability report. The document you are invited to read is the first report that presents in an integrated way data and information regarding our performance in terms of sustainable development for 2017. The report also describes how social, economic and environmental protection topics are integrated into our activities and operations.

Romgaz first sustainability report was issued in line with the legal requirement to present non-financial indicators on which the company's 2017 activity relied.

We are glad that we have completed this first exercise, that helped us build the foundation for a non-financial reporting system that will stand at the base of developing our future sustainability strategy.

By this report we publish integrated data on how we approach sustainability, on our business and the structure of our operations, on recruiting team members and on addressing equal opportunities and career development for our colleagues, on the attention given to environment protection and biodiversity, but also on how we interact and support local communities in the areas where we conduct our business. Integrating these data and the

targets established along with publishing this report are important parts of the process implemented by our company to continue its sustainable development.

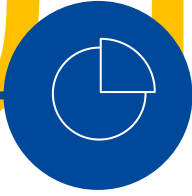
To secure Romania's energy for future and to strengthen our position in a continuously evolving market it is essential to proactively and seriously address aspects of sustainable development. We are determined to continue gas production under safety and efficiency conditions in line with sustainability principles.

I would like to take the opportunity to thank all our stakeholders for their support and the entire team that contributed to the development of S.N.G.N. Romgaz S.A. first sustainability report.

Dorin-Liviu Nistoran

Board of Directors Chairman

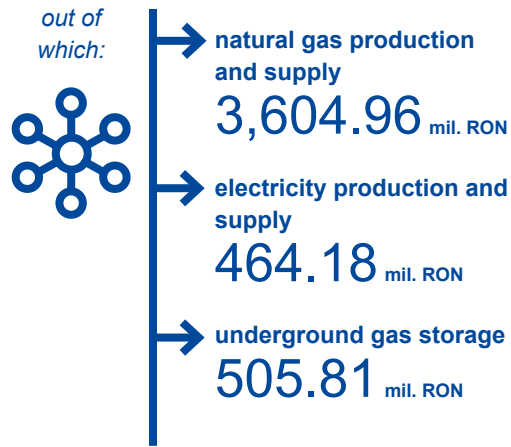
2017 Highlights



ECONOMY

The revenue of 2017 is:

4,585.20 mil. RON



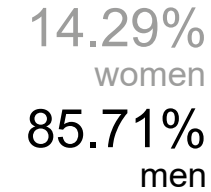
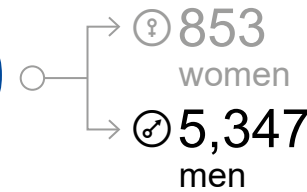
- GAS PRODUCED:** 5,158 mil.m³
- ELECTRICITY PRODUCED:** 1,863,844 MWh
- GROSS PROFIT:** 2,181.2 mil. RON
- NET PROFIT:** 1,854.7 mil. RON
 - Net profit margin: 40.5% of the revenue
- EBITDA:** 2,707.7 mil. RON
 - EBITDA margin: 59.1% of the revenue
 - Investments: 781.8 mil. lei



HUMAN RESOURCES

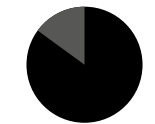
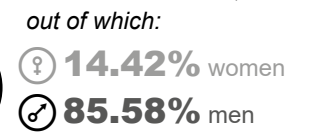


6,200 employees



in the company's administrative management

534 EMPLOYEES IN MANAGEMENT POSITIONS,



21 MEN AND 40 WOMEN WERE IN MATERNITY LEAVE IN 2017

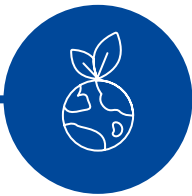


2,320 total hours of professional training in 2017



2 PROJECTS DEDICATED TO EMPLOYEES:

- Traditional sports activities on the Gas Day
- Professional CONTEST



ENERGY



390,087 GJ
Romgaz solar energy consumption in 2017

158,583,000 RON

investments to reduce the impact due to energy and fuel consumption, having as result the energy consumption reduced by 4,961.358 GJ

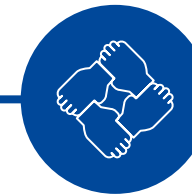


8,023 m³ reduced water consumption by refurbishing Fântânele compressor station



278,18 tons tons decrease of greenhouse gas emissions by modernising the vehicle fleet (RON 10,394,000 investment), replacing heating tanks (RON 80,000 investment), fuel level sensors and GPS tracking devices installed on the vehicle fleet (RON 269.000 investment)

45 ENVIRONMENTAL AGREEMENTS ISSUED FOR ROMGAZ IN 2017 FOR PERFORMANCE OF SPECIFIC PROJECTS



COMMUNITIES

7,731,870 RON
total value of investments in communities in 2017





CHAPTER 1

OUR COMPANY

Societatea Națională de Gaze Naturale "ROMGAZ" SA is a Romanian legal entity, legally established as a joint stock company, performing its activity in compliance with the Romanian laws and with the company's Articles of Incorporation.

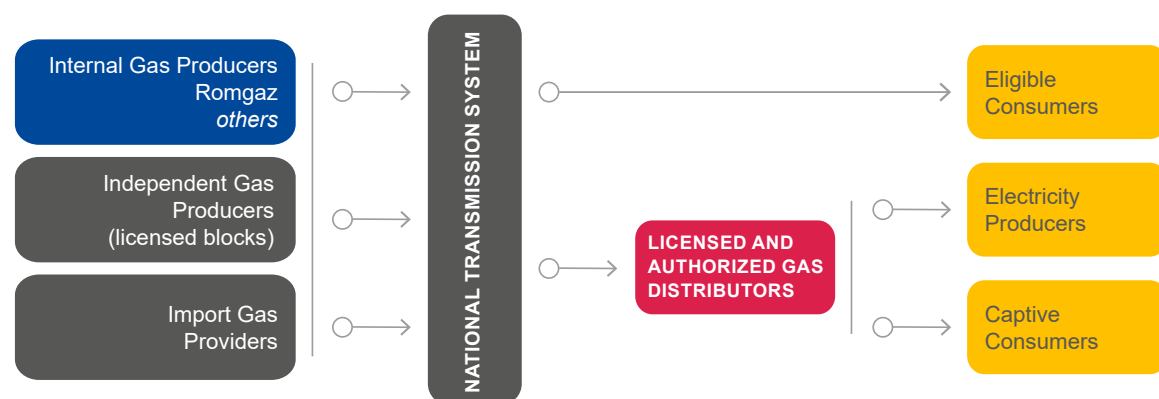
Romgaz is:

The most important Romanian gas producer with a **50.5%** share of the internal gas production in 2017

One of the most important natural gas supplier in Romania, with a market share between **39-46%** during 2013-2017

The most important UGS service supplier, ensuring over **>90%** of such services

Romgaz Position on the Romanian Market



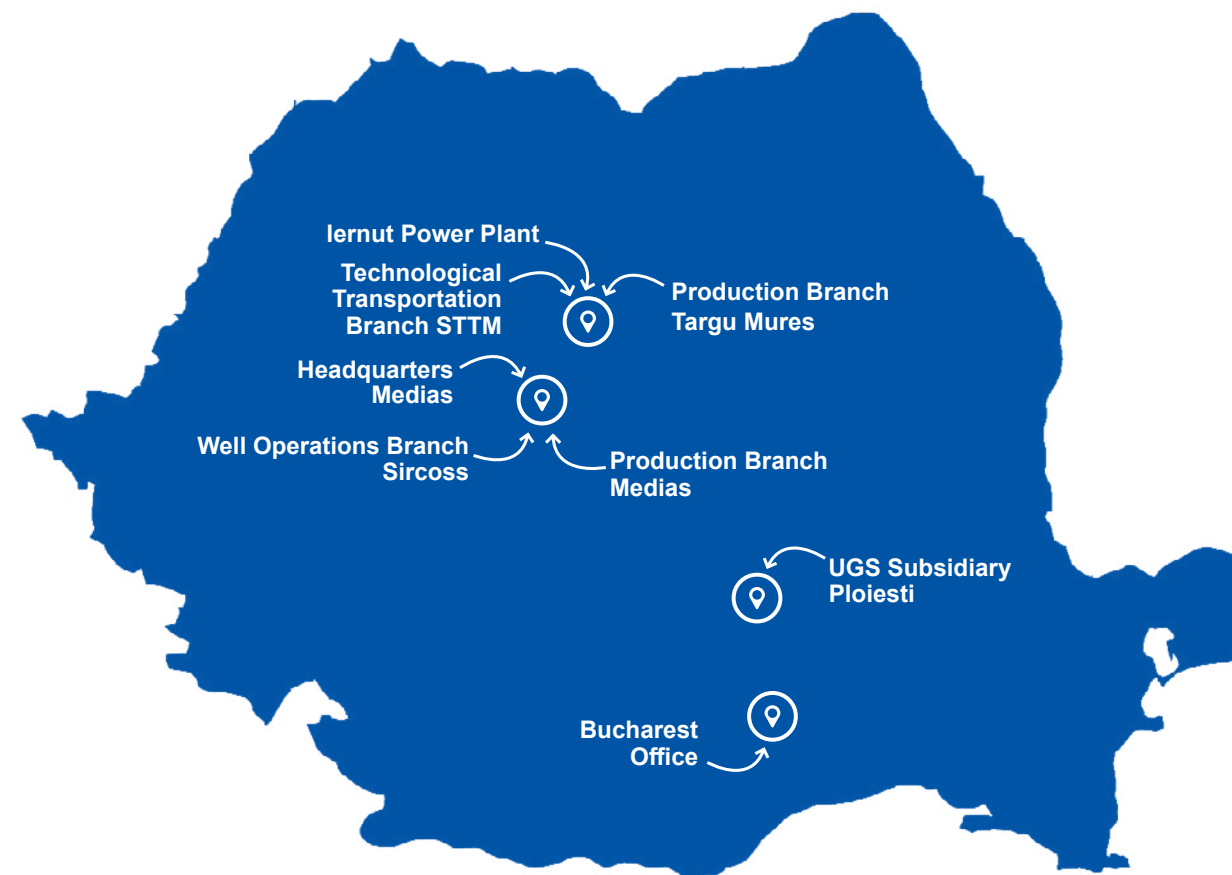
Romgaz has over 100 years' experience in the field of natural gas exploration and production. Its history begins in 1909 with the discovery of the first commercial gas reservoir in the Transylvanian basin.

The main activity performed by the company, generating most of the income and profit, is natural gas production. The underground gas storage activity performed by Romgaz is regulated, the income comes from storage tariffs, capacity booking, injection and withdrawal. Natural gas supply, production and electricity supply are also profit generating activities for the company and its shareholders.

These three activities contribute to achieving 99.78% of the company's revenue.

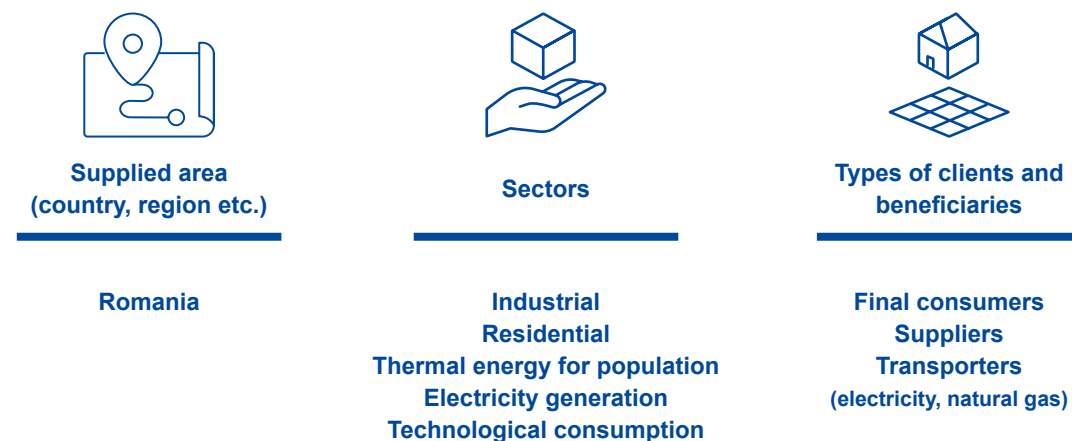
Besides the three main activities, the company performs transportation and maintenance activities, well workover, natural gas distribution and tourism activities.

Our Locations

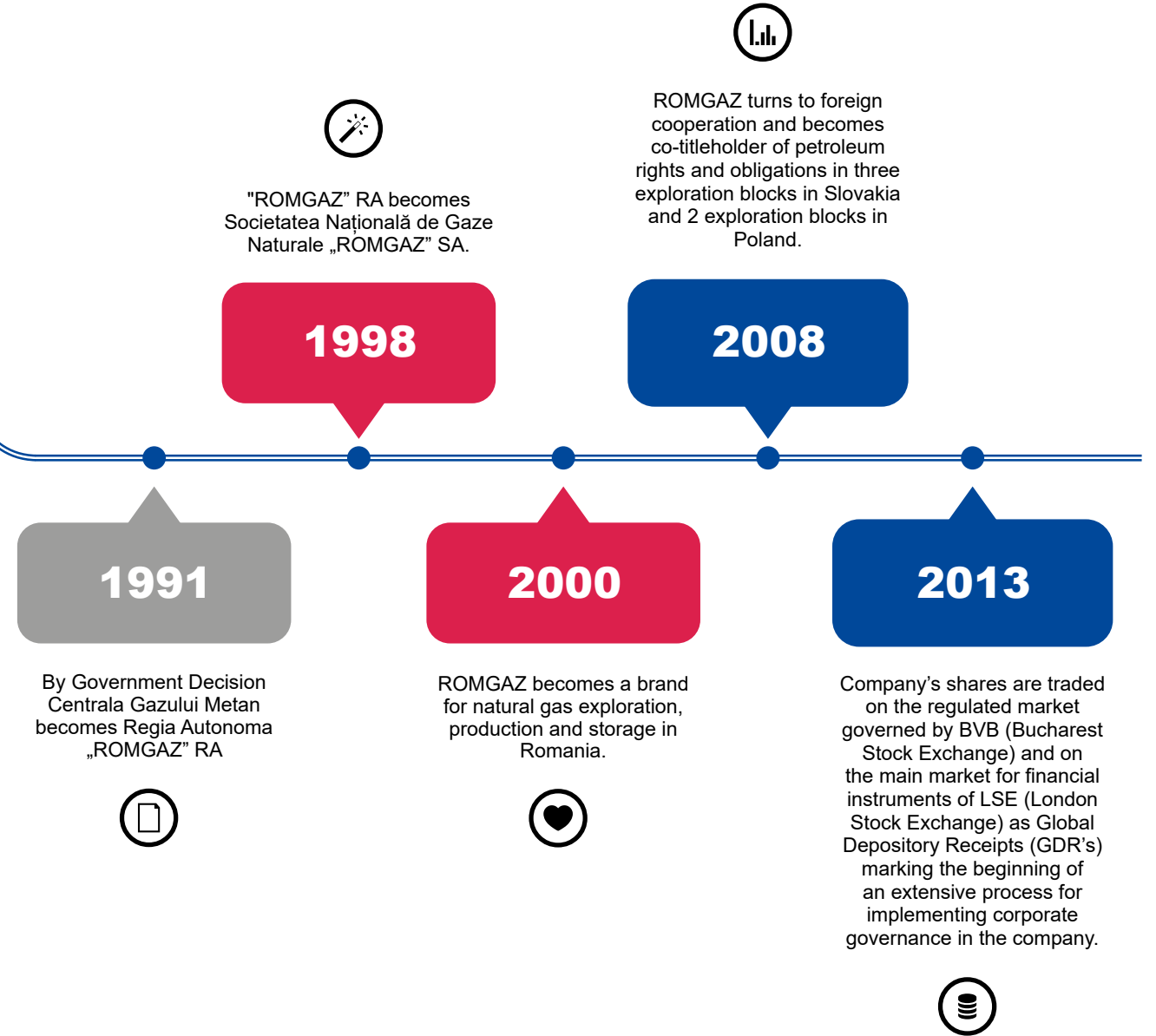
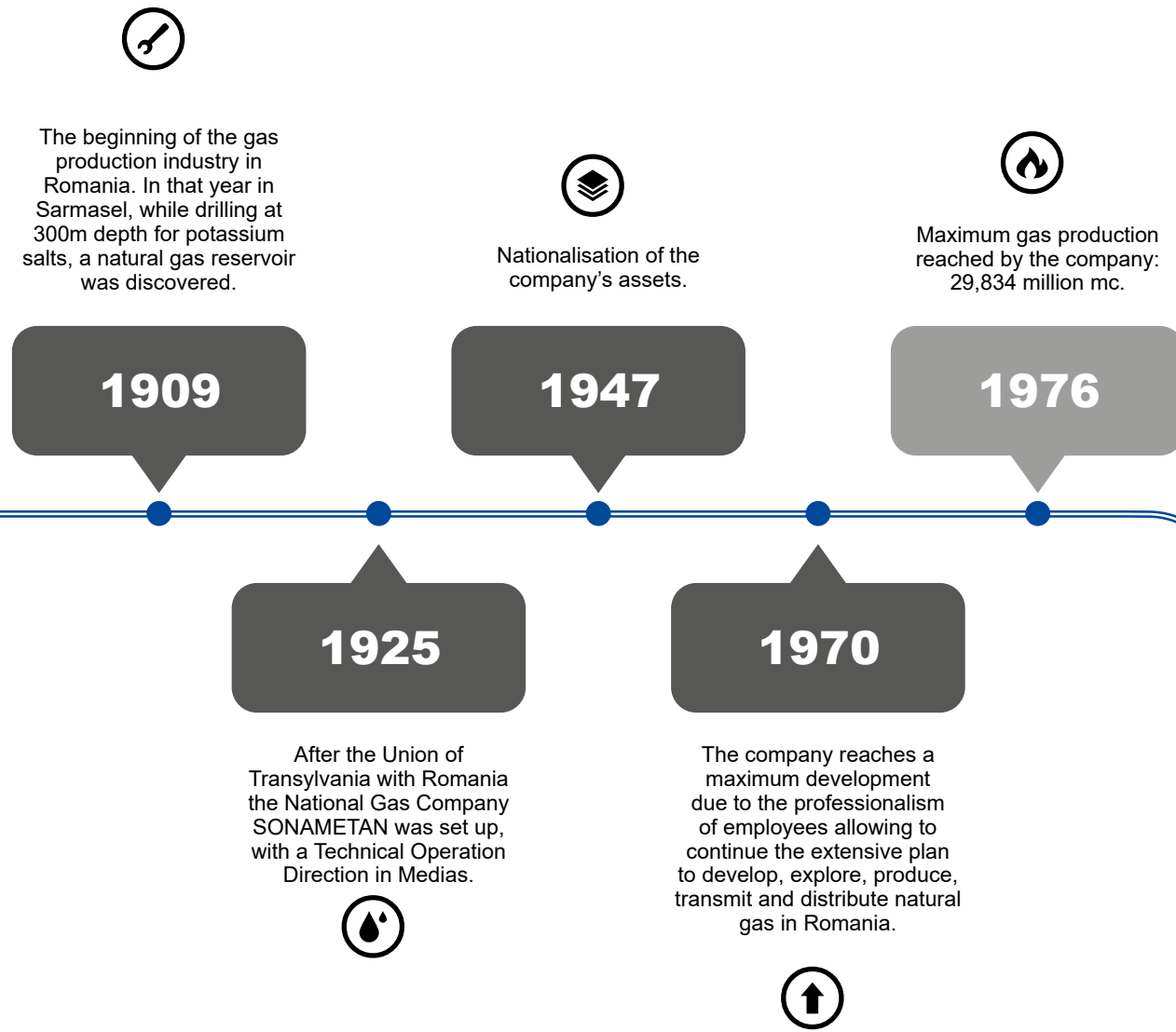


📍 Bratislava Branch
City Business Centre V. - Karadžičova 16,
82108 Bratislava, Slovenská Republika



✔ We supplied in 2017 to our Romanian clients:
📍 natural gas (18 clients)
🕒 electricity (6 clients)



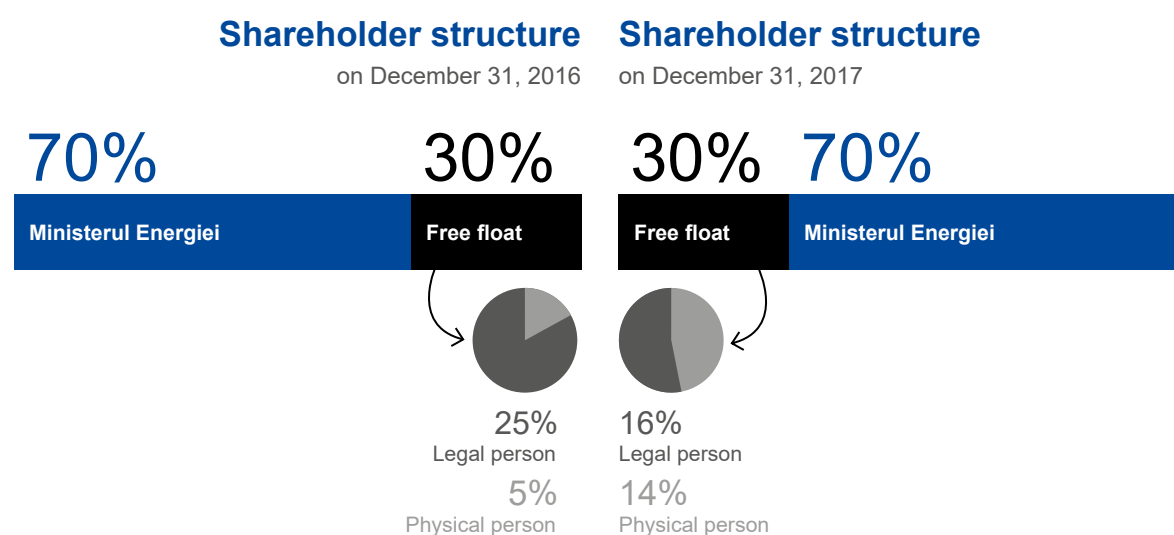
1.1 Tradition and Performance: Romgaz History



1.2 Economic Profile

Description	2017
Total number of operations	7
Net income (revenue) – million RON	4,585.19
Products and services	<p> PRODUCTS:</p> <ul style="list-style-type: none"> natural gas; electricity; <p> SERVICES:</p> <ul style="list-style-type: none"> underground gas storage; technologic transportation and maintenance; well workover; natural gas distribution.

In 2017 there were a series of changes in the shareholder structure of the free float:



The Romanian State holding 269,823,080 shares is the major shareholder of 70.0071% from the total number of 385,422,400 shares.

Natural Gas Reserves

An external audit of Romgaz reserves and contingent resources was performed in 2016 summed up in a final report sent to Romgaz on June 30, 2016. Total reserves are 84.3 billion m3 (72% proved, 13% probable and 15% possible) and total contingent resources

are 50.5 billion m3 as compared to 26.8 billion m3 in 2013 (+88%) according to the previous audit report. The audit report confirmed an annual reserves replacement rate of average 80.4% between 2013-2017, such value being above the target of 70%.

Description	Value (RON)
Direct economic value generated	4,953,468,418
Income	4,953,468,418
Economic value distributed	4,360,719,871
Operating costs	493,029,807
Employee wages and benefits	465,863,494
Payments to shareholders	2,220,002,960
Payments to government/ state budget	1,174,091,739
Community investments (sponsorships)	7,731,870
Economic value retained ("direct economic value generated less economic value distributed")	592,748,547

Description	2017 (RON)
Tax relief and fiscal credits	16,198,807
Subsidies	413,952*

* the amount was received in Euro namely 90,618 Euro, the exchange from Euro into RON was made at the average exchange rate of BNR for 2017 of 4.5681 RON/ Euro



In 2017 the company benefited from tax relief and fiscal credits in amount of **16,198,807 RON.**

Subsidies:

- The Ministry of Energy approved in 2017 Romgaz request for financing from the National Investment Plan for "Combined cycle gas turbine" having as scope the turnkey project "the Development of Iernut Thermal Plant (CTE) by building a new thermal plant with combined cycle gas turbine". The financing contract was signed on December 7, 2017 for RON 227,224,482 with the possibility to increase it to RON 320,912,359. Subsequently to signing the contract on December 14, 2017 the company submitted the first reimbursement request of RON 20,994,224;
- "NRG5 project" – Enabling Smart Energy as a Service via 5G Mobile Network advances" Romgaz being partner to this project, was selected to be financed by Horizon 2020,

part of H2020-ICT-2016-2017 (Information and Communication Technologies Call). Romgaz is partner in this project together with the Romanian Energy Centre, coordinated by ENGINEERING – Ingegneria Informatica SPA of Italy, together with ERICSSON GMBH from Germany, BRITISH TELECOMMUNICATIONS PLC from Great Britain, HISPASAT S.A. Spain, OPTIMUM S.A. Greece, Jozef Stefan Institute Slovenia, Thales Communications & Security SAS France, RUTGERS – the State University of New Jersey USA and other partners in a consortium of 20 professional organisations in the energy and telecommunications field from 8 European countries and the USA. The Project coordinator signed on May 22, 2017 the Grant Agreement with the European Commissions. The term of the project is two and half years. Further to getting involved in this project, Romgaz received in 2017 Euro 90,618.

1.3 Corporate Governance Principles

WE ADHERED IN 2016 TO THE RULES AND PRINCIPLES MENTIONED IN THE NATIONAL ANTI-CORRUPTION STRATEGY 2016-2020 AND STRICTLY COMPLY WITH ROMGAZ CODE OF ETHICS AND INTEGRITY



Ethics and Anti-Corruption Policies

We undertook the engagement to comply with the national and international laws on fighting against corruption. We adhered in 2016 to the rules and principles of the National Anti-Corruption Strategy 2016-2020 and we strictly comply with Romgaz Code of Ethics and Integrity. The principles of the National Anti-Corruption Strategy and of the Code of Ethics and Integrity are valid for each of us: employees, collaborators and suppliers. According to these rules, neither of us requires or offers bribe or other material bonuses of any kind. We expect to be treated in the same manner by our collaborators and business partners.

Making our employees responsible is an integral part of our business model. Our behaviour and attitude dictate the manner we are perceived by our clients and collaborators, both as individuals and as employees of the largest Romanian gas producer.

We are more than 6,000 employees in Romgaz, with different responsibilities, duties and a different way of thinking, but with the joint responsibility to guarantee the company's integrity. Therefore, we show zero tolerance for any act of corruption in Romgaz.

As Romgaz employees, we undertake in the same manner the business behaviour

based on integrity, transparency and honesty and show the same proactive attitude towards fighting against corruption. We are aware that the deeds of a single employee may affect Romgaz reputation and the solidity of all business performed by the company.

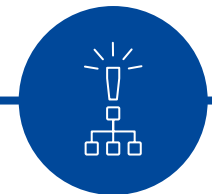
Having as guidelines the fundamental values and the principles of the National Anticorruption Strategy, Romgaz management and employees commit themselves to declare any personal interests that may be contradictory to an objective performance of work duties, to take all measures for avoiding conflicts of interest and incompatibilities, to put the public interest above any other interest for the fulfilment of work duties and not to take advantage of his/her position to obtain undue benefits for themselves, their families or relatives.

Moreover, they commit themselves, subject to the law, to ensure free access to public information and transparency of the decision making process.

Changing the attitude and promoting intensively anticorruption measures, together with transparency, monitoring and internal control represent the most important means to detect, prevent and fight against corruption.

Several actions were performed at Romgaz to identify the activities vulnerable to corruption for each operation. Operation has been considered to be an organisational unit within Romgaz which may be, according to the Rules of Operation and Organisation: "branch, department, division, direction, centre, office, compartment, formation, workshop, section, agency, storage – provided as such in documents or internal decisions for organisation and operation". 100% of the organisational units underwent such evaluations.

A series of risks were identified further to the evaluation, the operations with high corruption risk are: procurement, investments, human resources, information technology and telecommunications, economic activities, legal, drilling, exploration, production, land formalities and trading.



Categories of identified risks:

1. Disclose and disseminate information and confidential information o unauthorised persons;
2. Subjectively treating the offers (preferential/ subjective);
3. Preferential relations with the contractors;
4. Preferential relation with the person requesting the approval;
5. Influence or authority to obtain for him/herself or for another person money, good or other undue benefits;
6. Proposals in the sectorial procurement plan or documentations that may prejudice the company's interests;
7. Accept the defective fulfilment of contractual clauses by the contractor;
8. Defective management of funds by accepting performance of works that are not in compliance with the contract, project, bidding documents and effective technical regulations;
9. Subjectively award the performance certificate;
10. Selecting the sponsorship requirements/welfare benefits;
11. Non-formalised management of the conflict of interests;
12. Selecting trainers under preferential criteria;
13. Recruitment and employment under preferential criteria, so as to advantage certain participants;
14. Issue certificates (documentary evidences) with unreal data.

Training and Information on Anti-Corruption Policies

533 employees with management positions (almost 8.6% of all employees, according to organizational charts valid on December 31, 2017), participated in training sessions on anti-corruption topics. During methodological guidelines for the development of the Internal Management Control Standard, the management staff acknowledged the principles and fundamental values of the National Anticorruption Strategy (NAS). The Company aimed by these training sessions to increase employees awareness on detecting, fighting against and reducing corruption, correlating the National Anticorruption Strategy with Standards 1 and 2 of SGG Order no. 400/2015*. In their turn, according to effective internal regulations, management staff are obliged to train the employees under their authority on the provisions of the National Anticorruption Strategy.



Categories	Number of persons informed on anti-corruption policies and procedures	Number of persons trained on anti-corruption policies and procedures training online	Number of persons trained on anti-corruption policies and procedure training on-site
Members of management bodies	All, by publishing on Romgaz website	–	–
Employees (total)	6,200	607	624 607 internal, 17 external
Top Management	49	49	49
Middle Management	201	201	215 201 internal, 14 external
Other management positions	283	283	286 283 internal, 3 external
Specialists	74	74	74
Business partners (suppliers)	100% from all bidders taking part at procurement	–	–

According to internal rules, the code of ethics was sent to all employees by e-mail for information and implementation. Therefore all employees were informed on the existing anticorruption policies and procedures.

* Order of the General Secretariat of the Government No. 400/2015 approving the management Internal Control Code of the public entities

Integrity and Responsibility

To reach the mission and objectives undertaken by Romgaz, we perform our activities in such manner to comply with a series of ethical conduct principles and norms defined in the Code of Conduct approved in 2013.

The document can be found on the company's website at:
www.romgaz.ro/ro/documente-de-referinta

Romgaz shows zero tolerance for any conduct that conflicts with the values and principles of the Code of Conduct.

The Code of Conduct is mandatory and applies to all persons that work for the company, all branches – employees, managers with contract of mandate and members of the Board of Directors. Compliance with the ethical

standards ensures us that by the manner of performing the activities we protect not only the company's integrity and keep a proper climate for carrying out in good conditions all operations but also Romgaz reputation, that has always been respected and trusted by our partners.



Principles that guide the internal conduct of Romgaz personnel are the following:

- COMPANY'S INTEREST IS A PRIORITY
- PROFESSIONALISM
- IMPARTIALITY AND NON-DISCRIMINATION
- MORAL INTEGRITY
- FREEDOM OF THOUGHT AND EXPRESSION
- HONESTY AND CORRECTNESS



The Code of Conduct was reviewed in 2017, the Code of Ethics and Integrity will be approved in 2018. The following were amended in the Code of Conduct:

- CONFLICT OF INTERESTS
- TRADING THE COMPANY'S SHARES
- COMPLIANCE WITH THE LAW ON COMPETITION
- ENSURE INTEGRITY AND PREVENT CORRUPTION
- PREVENT AND REPORT FRAUD
- MONEY LAUNDERING

The rules of conduct for the employees are regulated by the Internal Rules of the Company that can be found on the internal network INFOWEB. Concurrently, the declaration of adherence to the National Anticorruption Strategy 2016-2020 as well as SNGN Romgaz SA Integrity Plan are published on the company's website and can be accessed not only by our business partners but also by any person/company interested.

According to Law 184/2016¹, all bidders participating in the procurement procedures of the company have to fill in the Integrity Form.

According to Law no. 99/2016², all bidders fill in other statements too, such as:

- Statutory declaration on non-compliance with the situations provided at art. 177 para (1) and (2) of Law no. 99/2016;
- Statutory declaration on non-compliance with the situations provided at art. 178 para (1) and (2) and art. 180 para (1) of Law no. 99/2016;

We are carefully monitoring and managing the compliance of the code of conduct and of the anticorruption principles. Each year, we elaborate and implement the integrity plan drafted by the Commission responsible for implementing the National Anticorruption Strategy 2016-2020 (established by decision of the Director General No. 329/29.09.2016). Such plan, approved by the Director General based on the identified needs, provides a series of measures, whose implementation is supervised by the Commission responsible for implementing the National Anticorruption Strategy 2016-2020, by tracking the performance indicators set in the same process. Concurrently, the Audit Committee is responsible for taking all necessary measures to ensure that the Company adopts a Code of Conduct. After adopting the code, the Committee analyses at least once a year the implementation and its efficiency.



Measures for Enhancing Implementation of Anticorruption Measures in the Company:

- ⬆ Distributing the integrity plan and publish it on the company's website;
- ⬆ Consult the employees to identify corruption vulnerabilities in organizational units³;
- ⬆ Update the Risk Management procedure, gradually implementing the new corruption risk evaluation methodology as premise for developing internal integrity plans; creating a risk map and publishing it on the internal network; Implementing measures to remedy the identified specific vulnerabilities;
- ⬆ Annually evaluate the manner of implementing the integrity plan and adapting it to the new identified risks and vulnerabilities, sending it to the supervisory body, the General Secretariat of the Government and the Ministry of Justice;
- ⬆ Periodical (annual) self-evaluate the implementation of institutional transparency measures and preventing corruption (Annex 3 to NAS – inventory of measures);
- ⬆ Adding on the webpage a section related to integrity for publishing: the declaration of adherence, integrity plan, self-evaluation reports, information, examples of good practices etc.;
- ⬆ Enhance the implementation of the internal/management control system;
- ⬆ Elaborate and implement regulations for defining anticorruption indicators (methodology on decision making transparency, access to information, open data, declaring gifts, avoidance of conflicts of interests and incompatibility situations and their management when identified, public warning, etc.)¹;
- ⬆ Update/correlate the code of conduct, the internal rules and the newly drafted regulations on fraud/corruption;
- ⬆ Active involvement of the ethical counselor in counseling the employees;
- ⬆ Implement a system for warning irregularities and potential corruption deeds (for ex. mailbox, toll free number, dedicated e-mail).

Measures for Increasing Employees' Awareness on Anticorruption:

- ⬆ Organize/carry out/ensure participation at programs to increase awareness and education on anticorruption for all employees, on hierarchy levels (for ex. training sessions/meetings/work groups related to following fields: public procurement, ethics, ethic counseling, financial management, human resources, transparency, access to public information, wealth declaration, conflict of interests, incompatibilities, internal/management control system, declaring gifts, warning for public interest, IT, etc.)
- ⬆ Ensure dissemination of information on risks and consequences of corruption deeds or integrity incidents. Making available legal guides, guidelines and cases related to conflict of interests/incompatibilities and committed corruption deeds;
- ⬆ Carry out awareness campaigns; organize periodical debates on corruption prevention and promoting good anti-corruption practices.

Measures to Develop Transparency for an Open Local Governance:

- ⬆ posting openly public interest information;
- ⬆ posting public interest information according to the general standard of Annex 4 and Annex 5 of the NAS⁵.

Measures to Consolidate Administrative Control Mechanisms:

- ⬆ consolidate the internal control and audit and awareness of employees on the role of the internal/management control systems;
- ⬆ internal audit, once every two years, of the corruption prevention system/measures within the company;
- ⬆ apply disciplinary sanctions of dissuasive nature for breaching ethical standards and anticorruption conduct for all employees;
- ⬆ periodically posting/disseminating a report on disciplinary sanctions.

¹ Law No. 184 of October 17, 2016 to establish a mechanism to prevent conflict of interests in public procurement contract awarding.

² Law No. 99 of May 19, 2016 on sectorial procurements.

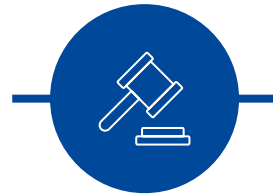
³ For this plan we considered the results of the annual self-evaluation questionnaire of the Internal Management Control System for 2016 and by April 14, 2017 another employee consultation phase will be finalized, the integrity plan will be updated if consultations will indicate the need for it.

⁴ Annex 3 to the National Anticorruption Strategy (NAS).

⁵ As the case may be, depending on the institution.

Compliance

During the reporting period no proceedings were initiated in court, by a third party, on matters of corruption against the company or its employees. However, there are 6 court proceedings initiated by the company against its employees further to corruption suspicion:



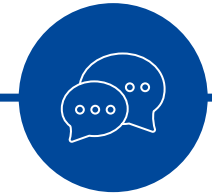
- 1. Case File No. 1692/1/2017/a1** - High Court of Cassation and Justice, criminal department, 4 Romgaz employees are a party to this case file, as defendants, charged with embezzlement. Status of the file: directions hearings; by the Ruling it was ordered for the Prosecutors of the High Court of Cassation and Justice, DIICOT to remedy the irregularities of the notification and to state whether it maintains the application for summons of the defendants or refers the case back for further investigation. Romgaz is civil part for recovery of the prejudice.
- 2. Case File No.3212/257/2017** - Medias Court of Law – in this file 15 employees are defendant for embezzlement. Status of the file: the case was pending before the preliminary chamber, the commencement of trial was ordered being currently challenged by the defendants at Sibiu Court. Romgaz is civil part for recovery of the prejudice. Romgaz disciplinary sanctioned 4 employees by terminating the labor relationship; one of the defendants was penalized by a 10% salary cut for 3 months.
- 3. Case File No. 31/257/2017** - Medias Court of Law – criminal prosecution against one employee for embezzlement. Romgaz is civil part. Status of the file: at the beginning of 2018, the Prosecutors Office issued an ordinance to take no further actions. In other words, it was established that the embezzlement did not exist.
- 4. Case File No.30/257/2017** - Medias Court of Law – proceedings were initiated against one employee for embezzlement. Status of the file: the court postponed the ruling on grounds of deliberation. Romgaz is civil part for recovery of the prejudice.
- 5. Case File No. 627/102/2016** – Mures County Court of Law- four employees were summoned for abuse of office against public interest. Status of the file: on trial at Mures County Court of Law. Romgaz is civil part.
- 6. Case File No. 4606/102/2017** - Mures County Court of Law - three employees were summoned for abuse of office against public interest. Status of the file: on trial at Mures County Court of Law.



In the reporting period, the company did not receive any fines or significant sanctions for non-compliance with the legal standards and regulations of social and economic matters. Moreover, it is worth mentioning that during 2016 the company was subject to a fiscal inspection on petroleum royalty for January 2011 – December 2015. The fiscal inspection was finalized in 2017 with no additional obligations.

The fiscal inspection on excises was finalized in 2017, aiming the period January 2010 – March 2013. The Final Inspection Report concluded that the company did not owe excises for the technological consumption. Thereafter, Romgaz recorded an income of RON 244,385 thousand, out of which RON 130,470 thousand refer to the period April 2013-November 2016, for which the Company submitted amended declarations. The company will be subject to another fiscal control for receiving RON 130,470 thousand, considering that there are low chances of not recovering such amount, due to the fact that the fiscal provisions and the manner of calculating the excise were the same during 2010-2016.



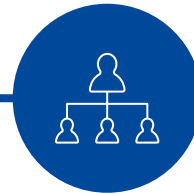


1.4 Corporate Governance Structure

Romgaz is managed in a one-tier system.

The Board of Directors includes 7 (seven) members elected by the General Meeting of Shareholders in compliance with applicable legal provisions and Articles of Incorporation. The majority of the members of the Board must be non-executive and independent members.

At least one member of the Board must have economic studies and at least 5 years work experience in the economic, accounting, audit or financial field¹.



Board of Directors Structure

December 31, 2017

Name and surname

Position in BoD

Role*

Professional qualification

Institution of Employment

Nistoran Dorin Liviu

chairman
non-executive | independent
engineer
SC Televoice Grup SRL

Ciobanu Romeo Cristian

member
non-executive | independent
PhD engineer
Technical University Iași

Cermonea Ioan Daniel

member
non-executive | independent
engineer
Sibiu County Council

Grigorescu Remus

member
non-executive | independent
PhD Economic science
„Constantin Brâncoveanu”
University

Baciu Sorana Rodica

member
non-executive | independent
economist
SC Acgenio SRL

Volintiru Adrian Constantin

member
non-executive | independent
economist
SC Exclusiv Clean International
SRL

Anghel Daniel Florin

member
non-executive | independent
Legal counsellor economist
ANAF

CV's of the current members of the Board are described on the company's web page www.romgaz.ro, at the address:

www.romgaz.ro/ro/consiliu-administratie.

The Board of Directors is supported by three advisory committees in performing its activity: nomination and remuneration committee, audit committee and strategy committee.

* Members of the Board have submitted the declaration of independence in accordance with the provisions of the Company's Corporate Governance Code.

Advisory Committees' Structure

December 31, 2017

NOMINATION AND REMUNERATION COMMITTEE

Cermonea Daniel Ioan · chairman

Nistoran Dorin Liviu

Baciu Sorana Rodica

Grigorescu Remus

DUTIES:

- sets out the candidates selection procedures for the members of the board and directors position;
- prepares proposals for member's positions, involves in the selection and recruitment process of the directors and elaborates proposals on their remuneration;
- prepares an annual report on remuneration and benefits of the board members and directors during the financial year.

AUDIT COMMITTEE

Baciu Sorana Rodica · chairman

Grigorescu Remus

Cermonea Daniel Ioan

Ciobanu Romeo Cristian

DUTIES:

- fulfils the legal duties provided in Article 65 of Law no. 162/20171: monitoring the financial reporting process, the company's internal control and internal audit and risk management system;
- supervises the activity of statutory audit of the annual financial statements and manages the relation with the external auditor.

STRATEGY COMMITTEE

Grigorescu Remus · chairman

Nistoran Dorin Liviu

Baciu Sorana Rodica

DUTIES:

- coordinates the preparation/update and monitorization of the company's development strategies in correlation with the national and European energy strategy;
- reviews the status of the development strategies implementation and the measures to be taken to achieve the stated objectives;
- monitors the company's projects of activity diversification by fulfilling the investments objectives.

A detailed description of duties and responsibilities of each advisory committee may be found in Rules of Organization and Operation, regulations published on the company's webpage:

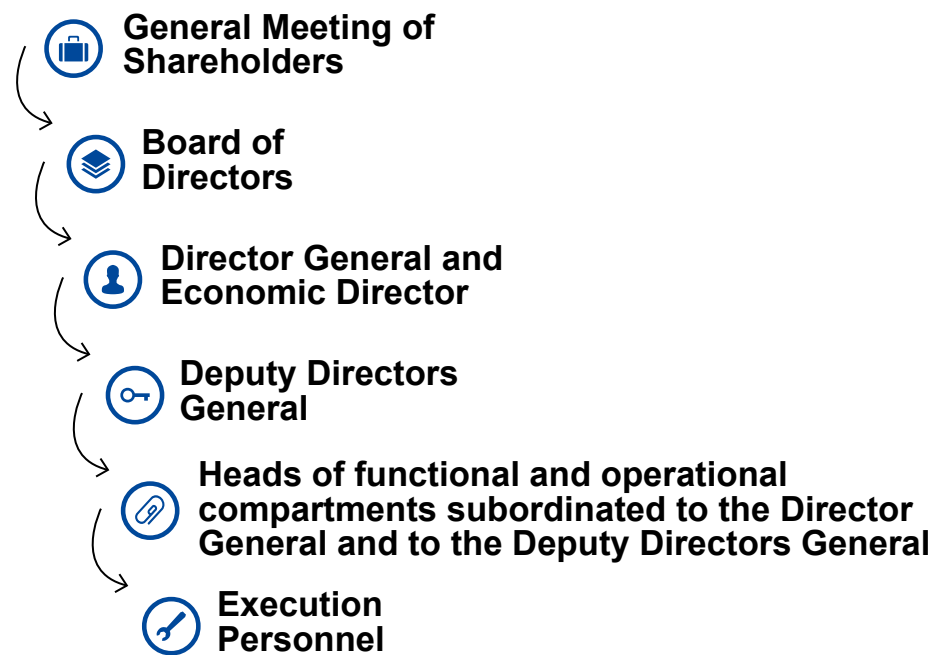
www.romgaz.ro/ro/consiliu-administratie.

¹ In accordance with Articles of Incorporation.

² Law no 162 of 15 July 2015 on statutory audit of annual financial statements and consolidated annual financial statements and of amendment to any legal acts.



Romgaz organization structure is a hierarchy-functional type, with a number of six hierarchy levels, from company's shareholders to execution personnel, as follows:



Key people in the structure and for the functionality of the company are the Director General, Economic Director, the Deputy Directors General, as well as the branches' directors. The heads of compartments (branches/departments/directions/offices etc.) representing the connection between the upper structure and the employees of the respective compartment are directly subordinated to the afore-mentioned. The Board of Directors delegated the company's management to 2 directors and one director was appointed as director general. During January 1st and December 14, 2017 Mr Metea Virgil Marius held the position of director general and on December 14, 2017 Mr Cindrea Corin Emil was appointed as director general. The Board of Directors appointed Mr Bobar Andrei as Economic Director on November 2nd, 2017. Members of the executive management, except the director general and economic director (as of November 2nd, 2017), are Romgaz's employees with individual labor contract of unlimited period.

1.5 Recognition



We are honored that our performance is systematically recognized and supported.

Capital Awards Gala

"The best CEO"

Category: Excellence in Management 2017
 Second place
 Virgil Metea
 Director General of Romgaz

The Diplomat

"Manager of the year in energy"

Romanian Energy Awards 2017
 Virgil Metea
 Director General of Romgaz

The Diplomat

"Oil and gas company of the year"

Romanian Energy Awards 2017

Gala ZF 2017

"Top 10 the most valuable companies"

Third place

Capital Gala

"The largest gas producer in Romania" 2017

First place

Romanian Commerce and Industry Chamber

"National Top of the companies"

Natural gas extraction industry

Focus Energetic 2017

"Involving in the development and completion of the investments in the Romanian gas storage"

Mrs Viorica Mariana Ionescu,
 economic director of Ploiești Branch,
 received the award on behalf of the company

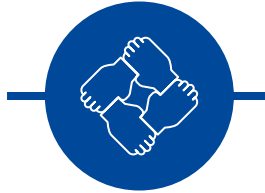
Energynomics Awards 2017

"Exceptional accomplishments"

Discovery of the Caragele reservoir
 Second place
 • Nomination „Social Responsibility" –
 Supporting the communities to have access
 to a healthy life by education and sport.

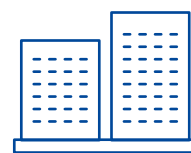
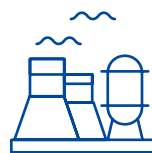


1.6 Affiliations



Romgaz is *member* of the following organizations:

- ⊗ Gas Infrastructure Europe (GIE);
- ⊗ Balkan and Black Sea Petroleum Association (BBSPA);
- ⊗ International Gas Union (IGU);
- ⊗ European Federation of Energy Traders (EFET);
- ⊗ Romanian Black Sea Titleholders Association;
- ⊗ Romanian National Committee of World Energy Council;
- ⊗ Romanian National Committee of International Commerce Chamber;
- ⊗ Romanian Energy Center;
- ⊗ The Romanian Standards Association (ASRO);
- ⊗ Commerce, Industry and Agriculture Chamber (CCIA)
- ⊗ Commerce and Industry Chamber of Mureș;
- ⊗ Association „Oil and Gas Engineers Society” (S.I.P.G.).





CHAPTER 2

INTEGRATING SUSTAINABILITY

Sustainability represents one of the fundamental values of our mission to produce, supply and storage natural gas in conditions of quality, safety, continuity, flexibility and efficient use of material, human, financial and informational resources, in order to obtain profit on long term.



Sustainability Strategy

There is no sustainability strategy within Romgaz, defined in a formal manner, but aspects related to sustainable development of Romgaz are included in the Development Strategy for 2015-2025.

There are 4 categories of factors contributing and influencing the performance and sustainable development of our company, on medium and long term.

① **Technological** factors:

technological developments in the field of exploration, geological research and development of new technologies for natural gas production; technological processes automation and technology of a significant segment of the company's activity, information system for economic, commercial and resource management; evolution and development of commercial instruments.

② **Economic** factors:

economic expansion/contraction; improvement of the business environment; decreasing the country risk, increasing the stakeholders interest; fiscality, variation of RON/USD exchange rate and of boe price; the evolution of gross domestic product; capitalization of companies.

③ **Environmental** factors:

mandatory compliance with laws applicable in this field (green certificate, recycling etc.); adoption and compliance with the highest international standards in the industry; change in climate factors (warm air, ensuring thermic comfort); development of energy substituent products; adjusting the clients' technological processes to the applicable environment and energy efficiency legislation;

④ **Political and legal** factors:

stability of the political and regulatory environment; existing energy strategy, accepted by all political forces; primary and secondary legislation in this field; aligning national legislation with EU legislation;

Although the oil and gas industry is a mature industry, natural gas, the most "green" fossil fuel, is still playing an important role in the global, European and national balance. In order to satisfy the growing natural gas demand (44% growth by 2035) a considerable investment effort is required both for resources exploration, high - risk investments, and for reserves production and marketing. Technological innovation shall greatly affect this industry both in terms of current reserves production and of discovery of new conventional and/or unconventional resources, and of their exploitation.

Four key factors influence the sustainable development of the company:

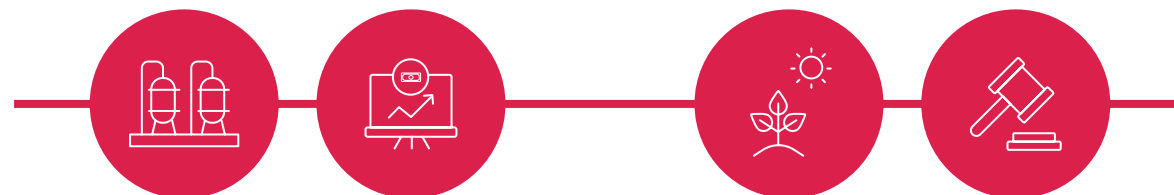
- ① Human resource competency, especially in highly specialized areas;
- ① Available financial resources, to implement and develop investment projects;
- ① Technology progress and adopting a technology with a reduced impact over the environment;
- ① Fulfillment of safety and environment requirements all along the discovery - marketing value chain

In order to consolidate our top position in the natural gas industry and the role in satisfying responsibly the national demand, the company intends to allocate about 80% of the investment capital in exploration and production. Thus, we will focus on:

Ⓐ **the exploration of new blocks** for discovery of new resources and reserves, as well as on the development of major projects where technology and know-how we benefit from would add value to the reserve recovery factor, investing in a responsible manner in environment protection and placing this responsibility in the center of principles underlying the sustainability strategy.

With respect to the energy efficiency, we intend to improve it for our own operations, and we state our support to the consumers who opt responsibly for technologies that lead to increased efficiency and reduction of CO2 emissions;

Ⓑ **increase the company performance by:** proper use of financial, material and human resources by substantiating, monitoring and analyzing the budget execution; optimizing the operating expenditures and maintaining their rate of increase below the operating revenue increase rate; improving the procurement process for goods, works and services by dynamic planning and prioritization, in order to provide in due time the required quantities of goods and services for performance of current activity and for investments; continuous increase of the employees' professional training degree and of their motivation in the view of increasing the company performance and implicitly, the labor productivity; obtaining economic success through ethical means, respecting the people, community and environment, according to sustainable development principles;



2.1 Our Stakeholders

Communication with stakeholders and building a bridge with them represents a significant aspect of our daily activities. We believe in the importance of dialogue and efficient involvement to develop a long-term relationship with the organizations and business partners that are influencing our company and over which our company has an impact. All groups that are directly or indirectly interested in the company and influenced by and which may in return influence the company's activities, objectives and policies represent the company's stakeholders.

A constant dialogue process contribute to the development of some efficient projects, programs and strategies, well planned and informed, and the development of products and services that are in line with the stakeholders' needs and expectation.

The company has carried out a long process of consultations with stakeholders for the development and accomplishment process of the sustainability report. Because of this process, we have received a number of recommendations and valuable informations that will help us to improve the way we interact with our stakeholders.

Group of stakeholders	Interest Key topics	The way of interaction with stakeholders
Employees	Natural gas rezerves Market positioning Anticorruption Indirect economic impact Compliance with environmental standards Effluents and waste Rebuilding the ecosystems and biodiversity Equipment Labour Relationship between employees and management Professional training SSM Compliance with s-e standards Local communities Suppliers assessment: social standards Public policies	Face to face meetings E-mail By human resources department
Shareholders	Market positioning Indirect economic impact Natural gas rezerves Corporate governance Rebuilding the ecosystems and biodiversity Exploitation areas decommissioning Compliance with environmental standards Effluents and waste SSM Professional training Labour Technological Processes Safety Local communities Compliance with s-e standards Public policies Suppliers assessment: social standards	Face to face meeteeings E-mail investor.relations@romgaz.ro

Customers	Anticorruption Natural gas rezerves Indirect economic impact Anticompetitive behavior Rebuilding the ecosystems and biodiversity Compliance with environmental standards Exploitation areas decommissioning Effluents and waste Innovation Technological processes safety Respect for human rights SSM Public policies Compliance with s-e standards Local communities Suppliers assessment: social standards	Face to face meetings E-mail By telephone
Suppliers	Anticompetitive behavior Corporate governance Indirect economic impact Anticorruption Compliance with environmental standards Effluents and waste Exploitation areas decommissioning Suppliers assessment: environmental standards Technological processes safety Innovation SSM Respect for human rights Public policies Compliance with s-e standards Public policies Local communities Suppliers assessment: social standards	Face to face meetings E-mail By telephone
Journalists	Indirect economic impact Procurement procedures Anticompetitive behavior Market positioning Compliance with environmental standards Energy Effluents and waste Equipment Labour Technological processes safety Relationship between employees and management SSM Public policies Local Communities Compliance with s-e standards Suppliers assessment: social standards	Face to face meetings E-mail By telephone comunicare@romgaz.ro

Control Authorities and Bodies	<p>Natural gas rezerves Anticorruption Indirect economic impact Corporate Governance Rebuilding the ecosystems and biodiversity Water Effluents and waste Compliance with environmental standards Innovation Technological proceses Safety Respect for human rights Combating discrimination Public policies Compliance with s-e standards Local communities Suppliers assessment: social standards</p>	<p>Face to face meetings E-mail By telephone</p>
Representatives of non-gubernamental organizations	<p>Anticorruption Corporate Governance Indirect economic impact Natural gas rezerves Energy Water Effluents and waste Equipement Innovation Professional training Technological processes safety SSM Compliance with s-e standards Local communities Suppliers assessment: social standards Public policies</p>	<p>Face to face meetings E-mail By telephone</p>
Other partners	<p>Natural gas rezerves Anticorruption Corporate Governance Procurement procedures Materials Energy Equipment Rebuilding the ecosystems and biodiversity Innovation Professional training SSM Technological processes safety Compliance with s-e standards Suppliers' assessment: social standards Public policies Local communities</p>	<p>Face to face meetings E-mail By telephone</p>



2.2 Materiality Assessment

The materiality process represented the starting point for the elaboration of the Company's Sustainability Report for the activity of 2017. The assessment methodology has been carried out in accordance with the provisions of GRI Standards, meeting the topics and indicators proposed for each sector: economic, social and environmental.

The process included several phases, such as:

- ⌚ Review of the national and international context to determine the list containing potential topics of interests;
- ⌚ Preparation of the materiality questionnaires and internal assessment;
- ⌚ Preparation of the materiality questionnaires and external assessment (simultaneously with the second phase);
- ⌚ The results' review and prioritization of the material topics;
- ⌚ Realizing the materiality matrix.

Both the internal materiality and external materiality were realized using some questionnaires including fix and open questions.



Internal Materiality

Qualitative section

We have asked the representatives of company's management to describe five significant aspects for the company and to list the benefits achieved by the company further the preparation of the sustainability report.

Quantitative section

The management representatives have been asked to review a series of items that are influencing the economic, environmental and social impact of the company.

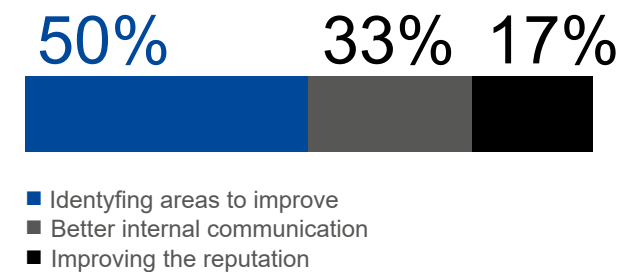
The results of the qualitative part of the questionnaire show that the representatives of the company's management:

- ⌚ Prioritize the potential external risks to which the company is exposed by pointing some internal policies that should be improved;
- ⌚ Are dedicated and believe in the company's potential and wish to improve the company's results;
- ⌚ Have a clear image over the company's processes that need to be improved.

Key aspects revealed by the management team refer to:

- Adjusting to the conditions of energy market which is more and more competitive and increasing the efficiency of the activities;
- Increasing the customers' portfolio, accelerating the expansion over borders, developing new exploration/exploitation levels and new activities in the energy sector;
- A better internal communication;
- Identifying the areas that require improvements in order to increase the company's performance and reputation;
- Nurturing the company's talents and developing new programs of courses, seminars and practical presentations;
- Improving the horizontal communication, between the company's departments and between the employees;
- Increasing the flexibility of sectorial procurement procedures and policies;
- Raising the awareness among authorities to regulate the conditions of easy access to lands where the company undertakes its activity;
- More active external communication

Benefits of sustainability reporting: the management's point of view.



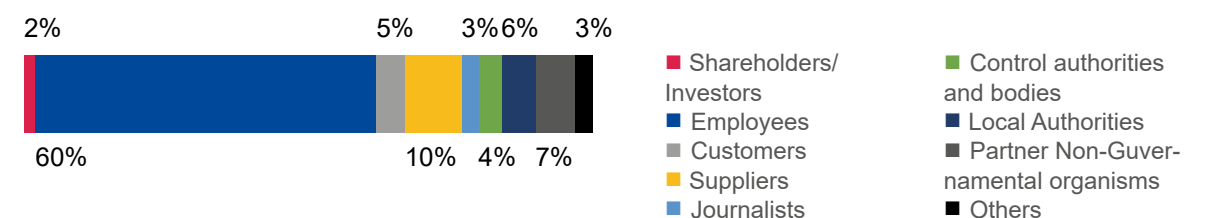
External Materiality

⌚ The main objective of external materiality is to obtain the stakeholders opinion regarding the way in which topics of interest for the organization influence their decisions in relationship with the organization.

⌚ This is the first process of consultation with stakeholders undertaken by the company to determine the stakeholders' interest for a series of sustainability indicators.

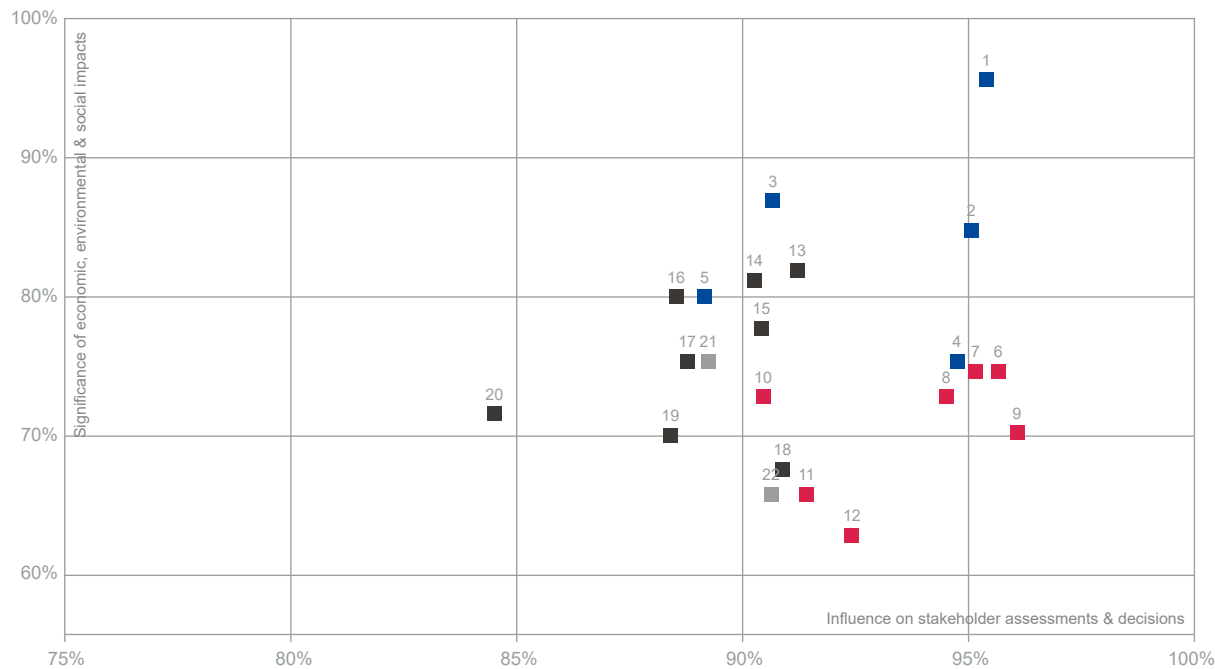
⌚ The stakeholders groups responding to the questionnaire cover a wide range of the company's partners, providing a complete image of the sustainability topics of a high interest for them.

Responses' proportion



Materiality Matrix

The material topics were identified following the materiality assessment process the company conducted, in accordance with the GRI Standards methodology. The materiality matrix that resulted represents the starting point for developing the sustainability report. The matrix is the result of assessing the impact that the company has on the environment, local economy and society and summarizes the stakeholders opinions in regards to the topics that influence their decisions and assessments.



Corporate Governance

- 1. Natural gas reserves
- 2. Indirect economic impact
- 3. Corporate governance
- 4. Anticorruption
- 5. Procurement practices

Environmental Performance

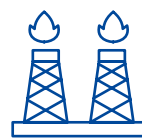
- 6. Effluents and waste
- 7. Ecosystems reconstruction and biodiversity
- 8. Sites decommissioning
- 9. Environmental compliance
- 10. Equipment
- 11. Water
- 12. Energy

Work Environment and the Responsibility for the Employees

- 13. Innovation
- 14. Occupational Health and Safety
- 15. Professional training
- 16. Labor-management relations
- 17. Employment
- 18. Technological processes safety
- 19. Diversity and equal opportunities
- 20. Non-discrimination

Community

- 21. Local Communities
- 22. Socio-economic compliance



No	Material topics	Limit		Reference in the report
		Inside the organization	Outside the organization	
CORPORATE GOVERNANCE				
1	Natural gas reserves	☑	☑	14
2	Indirect economic impact	☑	☑	25, 32, 33, 94, 95, 96-107
3	Corporate governance	☑	☑	14-17
4	Anticorruption	☑	☑	16-22
5	Procurement practices	☑	☑	50
ENVIRONMENTAL PERFORMANCE				
6	Effluents and waste	☑	☑	78-81
7	Ecosystems reconstruction and biodiversity	☑	☑	84-86
8	Sites decommissioning	☑	☑	87
9	Environmental compliance	☑	☑	75
10	Equipment	☑	☑	82, 88, 89
11	Water	☑	☑	78, 79
12	Energy	☑	☑	76, 77
WORK ENVIRONMENT AND THE RESPONSIBILITY FOR THE EMPLOYEES				
13	Innovation	☑	☑	77
14	Occupational Health and Safety	☑	☑	69
15	Professional training	☑	☑	66-68, 71
16	Labor-management relations	☑	☑	62, 70
17	Employment	☑	☑	57, 63
18	Technological processes safety	☑	☑	69, 87, 94, 95
19	Diversity and equal opportunities	☑	☑	24, 54, 58, 59
20	Non-discrimination	☑	☑	58-61
COMMUNITY				
21	Local Communities	☑	☑	96-107
22	Socio-economic compliance	☑	☑	23

2.3 Stakeholders' Perspective

The results of the materiality process showed that the relationship between the company and stakeholders received a confidence vote from the stakeholders and, more than that, they consider that the organization adopts and respects the highest standards of the industry.

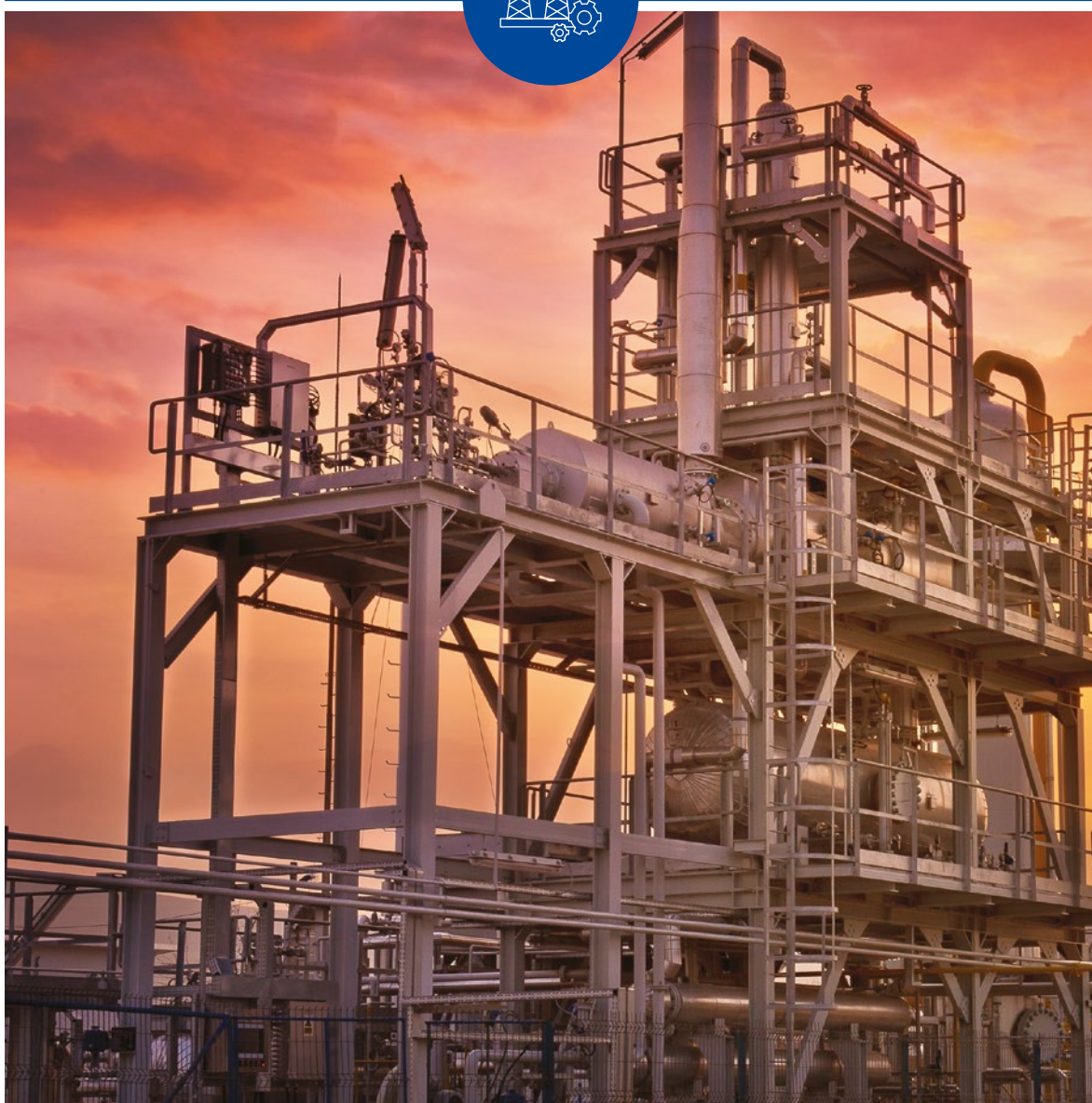
Engagement guidelines and actions proposed by the stakeholders:

- ⌚ Engagement in local education, development of programs preventing school abandonment and supporting education and culture;
- ⌚ Engagement in dual education projects to train human resource that may easily integrate into the labour market;
- ⌚ Projects for environment protection and orientation to alternative energy sources;
- ⌚ Programms of more efficient consumption of resources and energy.

Recommendations:

- ⌚ Increasing the company's visibility;
- ⌚ Increasing the number of projects and cases supported by the company;
- ⌚ A better promotion of community projects and investments of the company;
- ⌚ Transparent procurement and recruitment policies;
- ⌚ Better and more active communication with interested parties.





CHAPTER 3

OUR RESOURCES AND ACTIVITIES

We are aware of how important is to continuously deliver our services, to perform high-quality work and of the responsibility we have towards our customers, shareholders and all our business partners. Our performance objectives are closely linked to the quality of operations, integrity and availability of installation, as well as the speed of adapting to innovations.



3.1 Our Operations



The company's main areas of operations are the following:

- ⊕ Natural gas exploration & production;
- ⊕ Underground storage of natural gas;
- ⊕ Supply of natural gas;
- ⊕ Well special operations and workover;
- ⊕ Maintenance services and transport;
- ⊕ Electric power generation and supply
- ⊕ Natural gas distribution.



Exploration & Production

Petroleum Agreements where Romgaz is titleholder/ co-titleholder:

- ⊕ titleholder in 9 blocks, having a 100% participating interest in petroleum operations in exploration-development-production blocks;
- ⊕ co-titleholder in 4 blocks, in petroleum operations in exploration-development-production blocks;
- ⊕ 154 commercial reservoirs;
- ⊕ 7 reservoirs with experimental production;
- ⊕ Exploration & Production rights in Slovakia and Poland (terminated in June 2017).

Exploration

During the reviewed period, eight blocks, located in Transylvania, Moldavia and Oltenia, were in the exploration phase (which started in October 1997), in accordance with the Concession Agreement approved by Government Decision No. 23/2000.

In 2017, fourteen exploration wells were completed with the following results:

- ⊕ 5 discoveries with a 3.5 bmc prospective geological resource (P50);
- ⊕ Hydrocarbon accumulation confirmed with a contingent resource (2C) assessed to roughly 0.9 bcm;

We use own concepts in designing and scheduling exploration works, employing up-to-date, specialized software. Geological surveys are carried out in geological areas with specific features within the licensed blocks by employing specific exploration methods performed at surface to identify the hydrocarbon accumulation areas (prospects), followed by exploratory drilling works to verify the existence of accumulations.

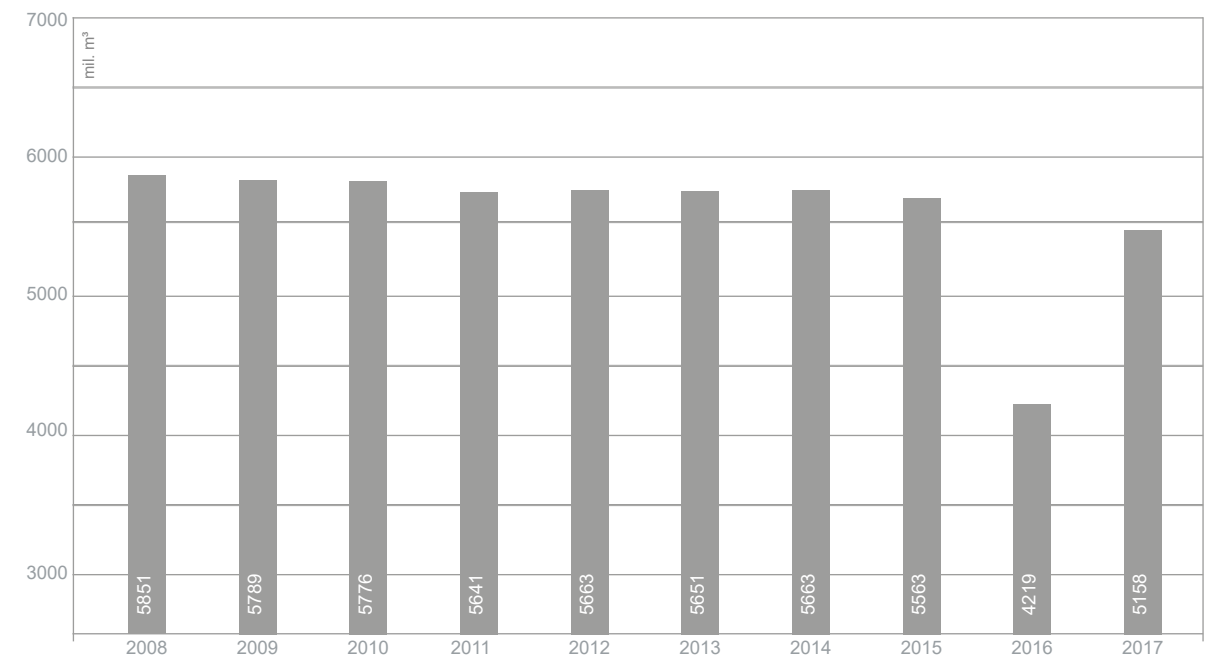
Due to these outputs, the reserve replacement ratio reached a maxim level of 323% in 2012.

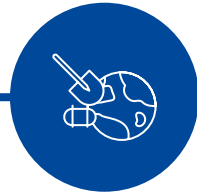
Production

We are one of the main gas producers in Romania. Our 2017 gas production was higher by 22.3% as compared to the 2016 one (5.158 bcm vs 4.219 bcm), and by 8.6% higher than the planned production.

The 2017 gas production of 5.158 bcm has brought us a market share of 50.53% in deliveries in gas consumption from domestic production, and a market share of 46.27% in deliveries in the total consumption of Romania.

The development of the 2008 – 2017 gas production is shown in the chart below:





Underground Storage of Natural Gas

There are eight UGSs in Romania, out of which seven are operational, constructed in depleted reservoirs. Romgaz owns and operates six of these UGSs with a storage capacity of 4.335 bcm and a working capacity of 2.920 bcm.

At national level, the ratio between the working capacity and the annual consumption was of 24% in 2017, and the ratio between the stored gas volumes and the working capacity of the UGSs was of 69%.



Natural Gas Supply

The natural gas market of Romania consists of the free segment, where natural gas is traded between suppliers and between suppliers and eligible consumers, and the regulated segment, which includes the activities having the natural monopoly features, carried out under frame-contracts (transmission, underground storage, distribution and supply at regulated prices).

During 2010 – 2017, the market share figures held by Romgaz, as natural gas supplier, varied between 37% and 46%, as follows:

	MU	2010	2011	2012	2013	2014	2015	2016	2017
Total consumption at national level	bln.m ³	14.0	14.4	13.5	12.5	12.2	11.6	11.8	12.3
Traded by Romgaz (domestic + import)	bln.m ³	6.4	6.3	5.9	5.7	5.7	5.1	4.4	5.7
Romgaz market share	%	45.81	43.87	42.82	44.5	46.1	44.0	37.1	46.3



Well Special Operations and Workover

SIRCOSS (The Well Interventions, Workover and Special Operations Branch) performs well interventions, recompletions, completions, production tests and special operations.

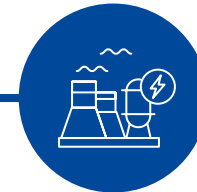
The activity including interventions, recompletions, completions and production tests represents the total services performed by drilling rigs.

Special well operations represents the second main business activity of the branch, and it includes services performed by several transportable equipment to deliver operations in wells or at the surface.



Transport and Maintenance

The business activity of the branch includes transportation of goods and persons, specific technological transportation, and maintenance services for the company and third parties.



Electric Power Generation and Supply

The Iernut thermoelectric power plant has a 600 MW installed capacity and includes 4 energetic units: two units of 100 MW each and two units of 200 MW each. The units were commissioned between 1963 and 1967. On January 1, 2016 units 2 and 3 of 100 MW each were put into dry conservation.

In 2017, the Iernut power plant generated 1.9 TWh electric power, reaching one of the highest capacity utilization rate (48%) since the power plant was transferred to Romgaz in 2013.

Romgaz has an ongoing project regarding the “Development of the Iernut thermoelectric power plant by building a new, combined cycle gas turbine power plant” to be completed by Q1 2020. The new power plant with a 430 MW capacity and an efficiency of at least 55% is currently under construction, and attracted from the National Investment Plan a grant amounting to 25% of total eligible expenditures related to the investment.



Natural Gas Distribution

The regulated activity of the company is carried out in the areas of Ghercesti and Piscu Stejari.



3.2 Procurement Chain and Procurement Policy

Our procurement activity is a result of the company's policies, strategies and development and modernization programs, as well as by its current activity. The Annual Strategy for Sectorial Procurement is substantiated by the Sectorial Procurement Program that is prepared on an annual basis. The Procurement Policy is governed by regulations specific for the sectorial procurement.

The reference documents governing the company's procurement policy are referring to:

- ① Law No. 99 of May 19, 2016 on sectorial procurement;
- ② Governmental Decision No. 394 of June 2, 2016 on implementing rules regarding award of sectorial contract/ frame-contract provided in Law No. 99/2016 on sectorial procurement;
- ③ Law No. 101 of May 19, 2016 on review procedures concerning the award of public procurement contracts, sectorial contracts and public works and service concessions contracts, and on the organization and functioning of the National Council for Solving Complaints;
- ④ Law No. 455/2001 on electronic signature;
- ⑤ Annual Program of Sectorial Procurement;
- ⑥ Operational procedures and work instructions internally prepared and approved.

The three main procurement categories and processes within the company are:

① **Goods:** tubing material, cement for wells, christmas trees, wellheads, gasoline, diesel, compressor spare parts, motor vehicle spare parts, safety equipment, computing equipment (computers, servers, UPSS etc), natural gas metering equipment, compressors for natural gas and air, several consumables;

② **Works:** Exploratory and production drilling works for gas wells, retrofit of compressor stations at underground storages, surface works at well clusters (drying, separation, heating, cooling, treatment and metering stations), construction of gathering pipes from well clusters to the gas delivery points of SNTGN Transgaz SA, works for environmental protection, repairs of equipment and machinery, rehabilitation of mature gas wells, etc;

③ **Services:** 2D and 3D geophysical surveys, perforation services at gas wells, surveys in cased wells and open holes, communication services, design services for investment objectives (well drilling, modernization of natural gas underground storages, feasibility studies, etc).

Approximately 87% of the procurement budget has been consumed in 2017 for goods and services supplied by roughly 400 companies of local suppliers (fiscal residents in Romania).



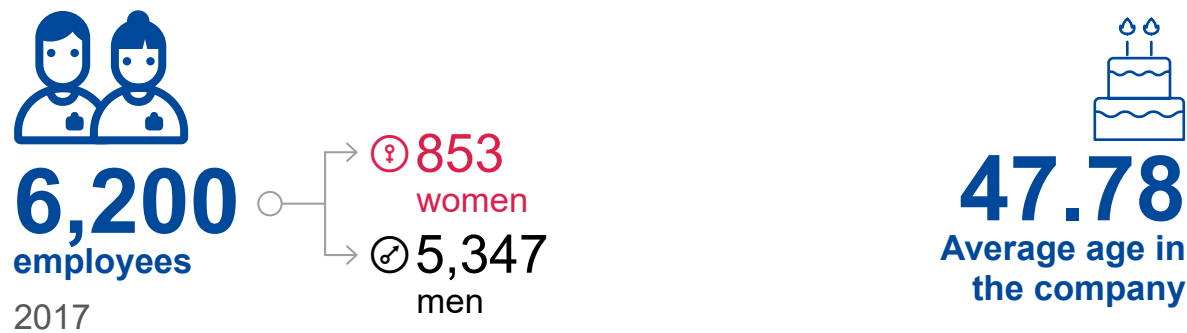


CHAPTER 4

OUR EMPLOYEES

4.1 Employees

The development and extension of Romgaz both on a national and external level, is mainly due to our employees. Thus, Romgaz is focusing on ensuring a work environment in accordance with the laws in force, but also with the ethics standards assumed by the company. The equal opportunities, the open communication with the employees, the benefits awarded, the training and professional development, the performance management, occupational health and safety and the relationship with the unions, represent our priorities in relation to them.



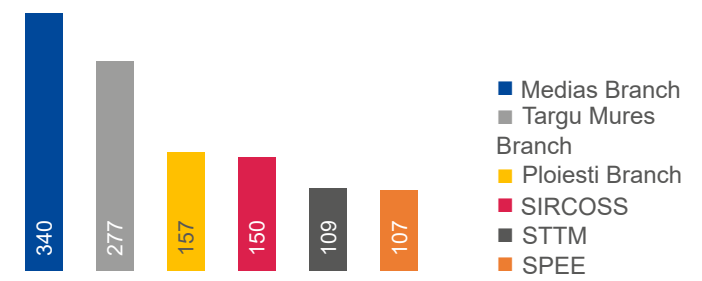
Classification of employees according to gender, age and position held in the company:

Total number of employees by categories	Women				Men			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Top Management	0	2	6	8	0	10	32	42
Middle Management	1	30	36	67	1	62	71	134
Other management positions	0	0	2	2	6	115	160	281
University degree specialists	17	284	158	459	25	340	227	592
Specialists without university degree	5	58	68	130	5	41	50	96
Workers	4	84	98	186	198	2,312	1,692	4,202
Total	27	458	368	853	235	2,880	2,232	5,347

Number of employees in Romgaz branches:

Number of employees from the administrative offices by categories	Number	% of the total number of employees
Medias Branch	340	29.82
Targu Mures Branch	277	24.30
Ploiesti Branch	157	13.77
SIRCOSS	150	13.16
STTM	109	9.56
SPEE	107	9.38
Total	1,140	100%

Number of employees in Romgaz branches:



Classification of employees according to the work rate / working hours and type of labour contract:

Type of contract	Permanent contract	Temporary contract	Full time	Part time
Top Management	48	2	50	0
Middle Management	201	0	201	0
Other management positions	282	1	283	0
University degree specialists	1,038	13	1,051	0
Specialists without university degree	227	0	227	0
Workers	4,370	18	4,388	0
Total	6,166	34	6,200	0

Classification of employees according to gender and work rate:

By type of employment relationship	Men	Women	Total
Full time	5,347	853	6,200
Part time	0	0	0
Seasonal workers	0	0	0
Interships	0	0	0
Total	5,347	853	6,200

Classification of employees as according to the type of labour contract:

According to type of contract	Administrative		All the employees	
	Men	Women	Men	Women
Permanent contract	854	660	5,318	848
Temporary contract	10	5	29	5
Total	864	665	5,347	853



Employees' turnover:

Category	New employees		Employees who left the company	
	Number	Rate (%)	Number	Rate (%)
Gender				
Women	32	0,52	40	0.65
Men	199	3.21	241	3.89
Total	231	3.73	281	4.53
Age groups				
<30	60	0.97	4	0.06
30-50	128	2.06	38	0.61
>50	43	0.69	239	3.85
Total	231	3.73	281	4.53
Location				
Medias Branch	73	1.18	92	1.48
Targu Mures Branch	44	0.71	44	0.71
Ploiesti Branch	26	0.42	25	0.4
SIRCOSS	32	0.52	24	0.39
STTM	20	0.32	27	0.44
SPEE	16	0.26	51	0.82
Company's Headquarters	20	0.32	18	0.29
Total	231	3.73	281	4.53



4.2 Work Environment

Equal Opportunity and Fight Against Discrimination

Board Members Selection and Nomination

We are aware of the importance of diversity and equal opportunity when we organize our actions.

By the end of the reporting period, Romgaz management consisted of 14.29% women and 85.71% men. The selection and nomination of Romgaz's Board of directors is accomplished by complying the provisions of the GEO No.109/2011⁹, approved by Law

No.111/2016¹⁰ and Methodological Norms of application (GD no.722/2016¹¹) by complying the principles of non-discrimination, equal treatment and transparency. We cannot establish in advance a certain structure of the Board of Directors as according to age, gender or other criteria, because it would cause the breach of the principle of selection of candidates for members positions.



The legal requirements regarding the Board of Directors and its members are, as follows:

- ⊙ The BD consists of 5 – 9 members with experience as far as regards the improvement of the performance of the companies which they managed or governed;
- ⊙ At least two members of the Board of directors must have economic or legal studies as well as experience in the economic, legal, accounting, audit or financial field for at least 5 years;
- ⊙ In case of Romgaz, there cannot be more than two members from among the public servants or other personnel categories within the public supervisory bodies or within othe public bodies or isntitutions;
- ⊙ The majority of the BD consists of non-executives and independent members, in accordance with Law No. 131/1990;
- ⊙ The mandate of the board members is established by the Articles of Incorporation and it cannot exceed 4 years;
- ⊙ The report regarding the basic salary and the remuneration between women and men, for every employee category, according to the significant operating areas is shown in the following tables and graphs. By "significant operating areas" we defined the Branches: Medias Branch, Targu Mures Branch, Ploiesti Branch, SPEE Iernut, SIRCOSS and STTM.

⁹ The Government Emergency Ordinance no.109/2011 on corporate governance of pulic enterprises.

¹⁰ Law no.111/2016 for the approval of the Government Emergency Ordinance No. 109/2011 on corporate governance of pulic enterprises.

¹¹ The Government Decision no.722/2016 of September 28th, 2016 for the approval of Methodological Norms for the application of certain provions of GEO no. 109/2011 on corporate governance of public enterprises.

Remuneration Policy

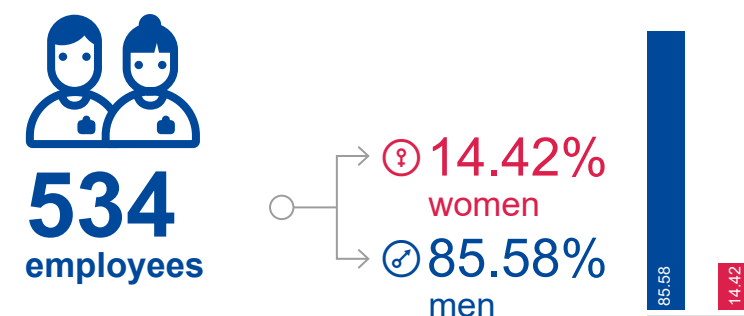
The ratio between the men salary versus women salary according to their level within the company:

The ratio between the men salary versus women salary	Average salary		The Ratio between the salaries
	Bărbați	Femei	
Top Management	20,156	15,807	1.28
Middle Management	11,175	10,925	1.02
Other management positions	6,178	6,319	0.98
University degree specialists	6,456	5,563	1.16
Specialists without university degree	4,714	4,040	1.17
Workers	3,845	3,243	1.19
Total	4,584	5,342	0.86

The average ratio of the salary between men and women according to location:

The ratio between the men salary versus women salary	Average salary		The Ratio between the salaries
	Men	Women	
Medias Branch	4,177	4,787	0.87
Targu Mures Branch	4,172	5,239	0.80
Ploiesti Branch	4,599	5,370	0.86
SIRCOSS	5,584	5,488	1.02
STTM	4,713	4,890	0.96
SPEE	3,580	4,094	0.87
Company's Headquarters	8,915	6,524	1.37
Total	4,584	5,342	0.86

Total number of employees in management positions:



Fight Against Discrimination

Through the policies and actions that we implement, we want to build a solid work environment based on mutual respect, which does not accept any kind of breach of fundamental human rights or deviation from the internal regulations establishing the rules of conduct which our employees must comply with strictly at work.

Thus, within the company it is not allowed the discrimination of the employees or the candidates who apply for certain positions within the company, as according to: gender, sexual orientation, genetic characteristics, age, national membership, race, color, ethnicity, religion, political option, social origin, handicap, family situation or responsibility, union membership or activity. This rule applies to recruiting, hiring, training or promotion. The discrimination of any employee or candidate at work represents a serious breach of law and the companies's policies. It is the responsibility of each employee with subordinates to ensure that the discriminations are excluded.



Our company's Code of Conduct interdicts the discrimination of any other practices that disadvantage the employees as far as regards their social and professional relationships, including aspects related to:

- ⊗ **The announcement and organisation of contests, interviews, exams and selection of the candidates to fill vacant positions;**
- ⊗ **Closure, suspension, modification and/or termination of the legal relationship of employment or service;**
- ⊗ **The assignation or modification of tasks, competences or responsibilities included in the job description/work instructions;**
- ⊗ **Wage, rewards and benefits establishment, other than the salary;**
- ⊗ **Professional information and advice;**
- ⊗ **Individual performances assessment;**
- ⊗ **Professional advancement;**
- ⊗ **Application of disciplinary actions;**
- ⊗ **The right to adhere to a union and the facilities granted by it.**

Nevertheless, within the company a number of 4 discrimination incidents were recorded. The discrimination incidents were analysed within Romgaz; following this analysis, for all the four incidents identified, Romgaz recorded that the notices have no factual or legal basis and, consequently, the company filed statements of defence/appeals.

Total number of incidents

Type of incident	Investigated by the company (yes/no)	Remedy plan
By Decision No. 371/2015 issued by the National Council for Combating Discrimination, (CNCD), Romgaz was fined for publishing the decision in an international newspaper because CNCD considered that by using the collocation "signatory trade union" (as far as concerns the "Gas Extraction and Services" Trade Union in the Collective Labour Contract (CCM) for 2015 – 2016 it represents a discrimination based on the trade union membership as well as on the facilities granted by it.	Romgaz analysed Decision No. 371/2015 of CNCD and noticed that it is necessary to issue a request for partial cancellation of Decision No. 371/2015 as being unfounded and illegal. Romgaz's request is subject to File No. 681/57/2015 – to the Court of Appeal of Alba Iulia. The court of first instance admitted Romgaz's action, and CNCD appealed, which currently is ongoing through the filter procedure, for HCCJ.	Not applicable
By Decision No. 603/2015, CNCD noticed "the existence of an indirect discrimination, arising from the application of contractual regulations, included in Romgaz CCM, regarding the employees' remuneration within Romgaz occupational". Consequently, a fine was imposed for Romgaz.	Romgaz analyzed Decision No. 603/2015 of CNCD and it formulated a request as far as regards its cancellation. The request was set for hearing to the Court of Appeal Alba Iulia, File No. 249/57/2016. The court of first instance dismissed Romgaz action. Romgaz appealed, which currently is ongoing through the filter procedure, for HCCJ.	Not applicable
A Romgaz employee formulated a request for summons claiming for Romgaz to revise his salary rights due, in his opinion, to a discrimination situation, and the payment of these rights (and the ancillary debts consisting in the payment of the legal interest) starting with 2013 up to the present and further on. The request is subject to File No. 1300/102/2016 – County Court Mures.	Romgaz considered the employee's action as illegal and unjustified and it filed statement of defence.	Not applicable
A Romgaz employee formulated a request for summons claiming for Romgaz revise his salary rights, established in a discriminatory manner (as the employee claims) and the payment for these rights starting with 2013 up to the resent ad further on. The request is subject to File No.1284/102/2016 – County Court Mures and, currently, it is suspended until the settlement of File No. 249/57/2016.	Romgaz analysed the request and it filed statement of defence requiring the dismissal of the action, as being illegal and unjustified.	Not applicable



Open Communication with Employees

According to the provisions of our company's Code of Ethics and Integrity (Art. 7.4), any person within the company who has knowledge or well-founded reasons to believe that there has been a breach of the Code of Ethics and Integrity has the duty to immediately bring this information to the attention of the Ethics Counsellor and the management of the company/Branch.

The Director General, the directors of branches or the Ethics Counsellor may take notice on the existence of possible violations of rules of conduct.

The notification shall be made in writing, on a model presented on the company's website and it shall be sent to the Ethics Counsellor who, in turn, shall inform the director general/director of the branch in respect of the notification.



The notification may be sent by any means of communication:

- ④ by the Registry Office of the company in a sealed envelope with the indication "Notification to the attention of the Ethics Counsellor";
- ④ submission, in person, of the Notification to the attention of Ethics Counsellor;
- ④ by e-mail to the Ethics Counsellor (mentioning in the e-mail's subject "Notification of violation of the Ethics Code");
- ④ by other electronic transmission methods implemented within the company.

At the recommendation of the Ethics Counsellor, the director general, respectively the branch director, shall dispose, under the law and the internal regulations, the verification of the documents and of the facts he has been notified about. The notification shall be verified and settled strictly in due term as provided under the applicable legal provisions.

The Company forbids clearly any retaliation against an employee who, in good faith,

reported an event of violation of ethical rules, known or suspected. Any kind of retaliation actions will determine disciplinary measures for the persons found guilty.

The Ethical Counsellor is bound to keep confidential the information he has access to for performance of his/her duties. He/she cannot disclose, in this respect, the names of persons in question or who provide information without their explicit agreement.

As related to the labour relationships, if major operational changes affecting substantially the employees are implemented, they have to be notified four weeks in advance. We communicate openly with the employees if any major operational changes that might affect them occurs in our activity. In this situation they are notified by the management at least four weeks in advance.

4.3 Benefits for the Employees

There are no differences within Romgaz in providing employee benefits, which are irrespective or the working hours or of the type of labour contract. Some of these benefits are:

- ④ payments of voluntary pension fund on behalf of the employees, within the limit of an amount of EUR 400/employee in one fiscal year;
- ④ payments of voluntary health insurance premiums within the limit of an amount of EUR 400/employee in one fiscal year;
- ④ coverage of disability or invalidity costs resulting from accident at work;
- ④ partial payment, within the limit of a number of days per year of the daily value, of the rest and treatment voucher;
- ④ pension benefits;
- ④ granting of material support for special events in the life of the employee.

Parental leave	Men	Women
Total number of days (total)	1,946	5,585
Number of employees who had the right to parental leave	All company employees who become parents have the right to parental leave.	
Number of employees who benefited of parental leave in 2017	21	40
Number of employees who returned to work after completion of the parental leave	There is no such evidence on the employees who returned to work after the completion of the parental leave. We will take the necessary steps to implement a system to collect such data and we will publish a detailed report on this matter during the next reporting period.	
Number of employees who returned to work after completion of the parental leave and were still hired after 12 months		
Rate of return to job	100%	100%



**21 MEN AND 40 WOMEN
 BENEFITED OF PARENTAL
 LEAVE IN 2017**

4.4 Professional Development and Training

Employees' professional training and employees training in compliance with the legal modifications, certified bodies regulations and detailed provisions are of major importance for increasing the performance and for development of the company.

We have implemented a procedure regulating the identification of training and awareness requirements (professional training, qualification, professional reconversion) and for ensuring the training of employees and persons working for or on behalf of Romgaz.

The scope is to provide the employees the tools and opportunities required for development, in order to perform in their professional activity and to improve the intra and inter department relationships. For such activities the employees have to take the responsibility of their own professional training and professional development.

The requirements related to professional training (including specific qualifications) and experience for each job are set and documented in the job description.

By approving the Annual Professional Training Plan elaborated by the Human Resources Department and by including the related costs in the company budget, the

company management provides the allocation of necessary resources for the training of employees and fulfils its commitment for quality.

For 2017, the Annual Professional Training Plan was elaborated based on the proposals of the six branches and of the headquarters departments. The plan considers the main activity areas of Romgaz, the requirements for upgrading the specific knowledges and skills of the profession and job, gaining advanced knowledge, modern methods and procedures that are required in the performance of the employees' profession and the required authorizations for performing the profession in accordance with the legal provisions.

The employees were trained in the country and abroad as well as by internal professional and qualification-requalification programs organised within our company. For the professional training courses the offers provided by professional training service providers have been analysed, and the selection was made based on the topics, duration, cost, and level of interest for the company and practical addressability and the professional training suppliers which comply with Romgaz's requirements.

Average number of professional training hours:

Number of hours of professional training per year per employee, depending on category	Men	Women
Top Management	31.05	24.00
Middle Management	37.88	11.85
Other management positions	16.33	24.00
Higher education specialists	7.78	6.34
Secondary education specialists	3.75	2.69
Workers	4.37	1.74
Total	6.42	5.42

Average number of hours of professional training per year per employee was determined considering the number of days when the employees participated to courses, one day having 8 hours, and related to the number of employees of the company on 31 December 2017.



Number of training hours depending on position and the training topics:

Example of training offered to employees	Hours
Top Management	
*GM Masterclass Academy	96
*IFRS and taxation	24
*Energy projects management	16
Middle Management	
*HG (R)evolution	16
*Management by budget	24
*Performance evaluation	16
*Metrological function within the organization	40
*VAT split payment from a practical perspective	8
Other management positions	
*HSE training	24
*INSEMEX reauthorization	40
*Gas fitter reauthorization	24
*Waste management specialist	32
Higher education specialists	
*Economic principles for non-financial jobs	16
*Public acquisition expert	24
*IFRS taxation	16
*Specialists in monitoring–instruction RTE and VP authorized	16
*IWCF authorization (preventing gas wells blow outs)	40
*Energy projects management	16
*News in chemicals	24
*Metrological function within the organization	40
*VAT split payment from a practical perspective	8
*Investments and investment projects management	32
*Public acquisition expert	24
*Waste management specialist	32
*Practical Seismic Interpretation with Petrel	40

Example of training offered to employees	Hours
Secondary education specialist	
*Economic principles for non-financial jobs	16
Workers	
*Qualification at job site (motorman/oiler)	720
*Qualification for embankment equipment operator	720
*Training for professional reauthorization of drivers	40
*Training for professional reauthorization of forklift driver and craner	8
*Training for professional reauthorization of electrician	24
*Training for professional reauthorization of de gas fitter	24
*Modern methods in the operation of well booster compressors	40
*Training for INSEMEX professional reauthorization	40
Training for professional reauthorization of power plants laboratory operator	8
Total	2.320

In 2017 the main scope of the professional training was to increase the capacity to adapt to new requirements of an economy based on knowledge, to ensure and update the skills of employees working in technical, economic and research-development domain.

At the same time the heads of human resources departments participated in 2017 to various training programs for development of skills in the management of human resources, performance management, human resources analysis, personnel recruitment and selection.

Example of training and professional training where company employees attended:	Number of attending employees
Efficient use of seismic information	14
Authorization for technical skills in the area of oil and gas well drilling	3
Training for implementation of International Financial Reporting Standards	31
VAT split payment from practical perspective	16
Project management and financial reporting	19
Energy projects management	18
Skills development for direct use of SEAP	21
Professional tools and methods for human resources management	8
Training for waste, including hazardous waste management	37

4.5 Performance Management

We believe in our employees' capacity to reach their objectives for the view of professional advancement in step and for reaching company's objectives. We have implemented a procedure which regulates the management of the employees' professional performance for the scope of providing the employees the tools and opportunities required for development, in order to perform in their professional activity and to improve the intra and inter department relationships, activities for which the employees have to take the responsibility of their own professional training and professional development.

We have evaluated the individual performance of the employees by:

- the assessment form;
- evaluation of the job description and depending on the criteria established in the assessment form.

The data provided by the summarizing results of the evaluation offers to the management team a general overview on the employees' performance.

Between February - March 2018 was performed, according to the operational procedure, the evaluation of the professional performance of the employees for 2017. Out of a total of 6,200 employees 5,906, respectively 95.26%, have been evaluated.

The number of employees, by gender and category, who benefited at the end of the reporting period of an evaluation and a career development plan:

Performance evaluation and career development plan	Men		Women	
	Total number	% of the total number	Total number	% of the total number
Top Management	42	76.19	8	100.00
Middle Management	134	93.28	67	95.52
Other management positions	281	98.58	2	100.00
Higher education specialists	592	96.11	459	94.34
Secondary education specialists	96	100.00	131	95.42
Workers	4,202	95.26	186	92.47
Total	5,347	95.42	853	94.26

4.6 Occupational Health and Safety

For compliance with the legal requirements of the labour health and security, we performed in 2017 a training program for the members of the labour health and security committees (HSE) of the headquarters and branches. The HSE aspects are included in the Collective Labour Contract negotiated between the employer and the union. There is a committee at the level of the company managing the aspects related to Labour Health and Safety for all the company employees.



Composition of the HSE Committee:

- ⊖ employer or its legal representative;
- ⊖ employer's representatives in charge with labour health and security;
- ⊖ employees' representatives with specific responsibility in worker's health and safety;
- ⊖ occupational health doctor.

The number of employee's representatives is equal to the number made of the employer or its legal representative and the employer's representatives.

The accidents are recorded in the Sole Record, according to the provisions of GD no. 425/2006¹², as amended.

¹² Government Decision No. 1425 of 11 October 2006 for approval of detailed provisions of the Health and Safety Law No. 319/2006.

Accidents at work in 2017	Women	Men
Number of accidents	0	6
Types of accidents - accidents requiring hospitalization	0	6
Rate of accidents (IR)*	0	0.097
Working days with temporary incapacity of work, due to accident at work	0	345
Rate of days of temporary incapacity of work (LDR)**	0	5.58
Absences (AR)***	0	3.36%
Deaths	0	0

* Rate of accidents = total number of accidents x 200.000/ Total number of hours to be at work.

*** Rate of days of temporary incapacity of work = Total number of lost days x 200.000/ Total number of hours to be at work.

***Absences = Total number of days of sick leave x 100/ Total number of days to be at work.

The 200,000 factor is computed as follows: 50 working weeks by 40 hours a week for 100 employees.

Information

Information	Total hours (1 working day = 8h)
Total number of hours of sick leave (SL) of the employees from accidents at work or from occupational diseases	2,760
Total number of hours of sick leave (includes the sick leave without any connection to accidents and occupational disease)	415,344
Total number of hours to be at work	12,350,400

4.7 Collective Bargaining Agreement and Trade Unions

The employees are members of the Romgaz Mediaș Free Union, affiliated to the Romanian Gas Union Federation and to C.N.S.L.R. Frăția.

Significant operational changes which could affect substantially the employees are communicated at least four weeks in advance. The notice period and the provisions related to consultation and negotiation are regulated by the collective labour contract.

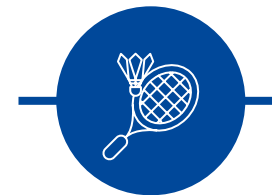


All company employees benefit of the provisions of the collective labour contract.



4.8 Projects for Our Employees

We organize periodically events and competitions for increasing our commitment to the company and to mark turning points in our domain.



"TRADITIONAL SPORT ACTIONS DURING THE GAS DAY"

Project value: 800,000 RON

Partener: Romgaz Mediaș Free Union

Beneficiaries: Company employees

PROJECT DESCRIPTION:

Individual and team sport competition dedicated to Romgaz employees have been organised, which involved a large number of participants, promoting the sport action and team spirit.

CORRELATION WITH COMPANY BUSINESS:

Confirmation of Romgaz commitment for supporting community high impact activities, in compliance with the lines of action proposed in the corporate governance rules, generating confidence socially and even economically. Increased visibility of Romgaz enforced by the chess competition credibility and individuality, with positive influence on third party relationship.

"PROFESSION COMPETITIONS"

Valoarea proiectului: 86,000 RON

Partener: Romgaz Mediaș Free Union

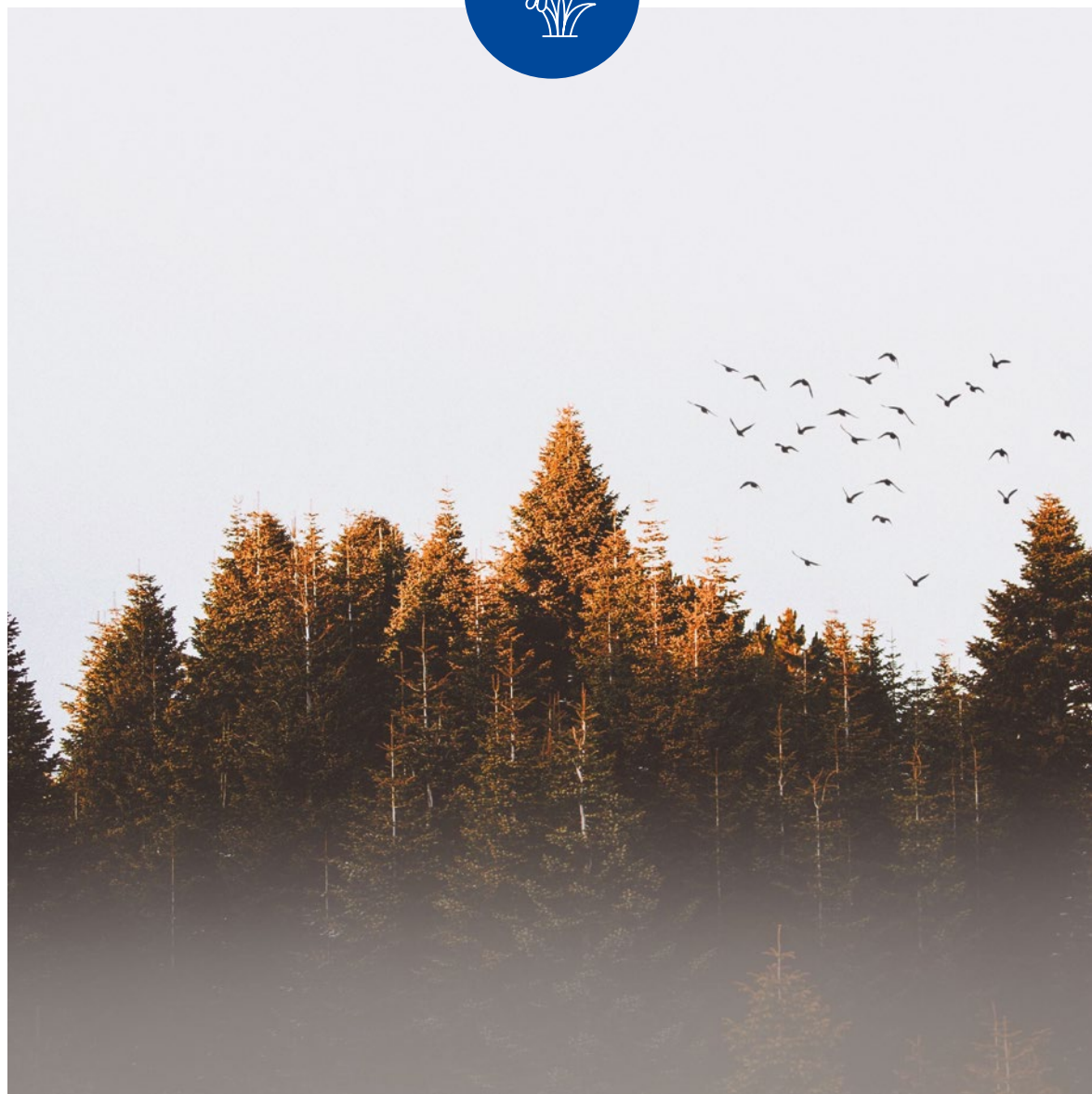
Beneficiaries: Company employees

PROJECT DESCRIPTION:

The projects is included in the category of events dedicated to the "Gas Day" and is carried out starting with 1999, continuing the tradition of distinguishing Romgaz's employees with very good professional skills and qualification. Employees interest for the profession competition, organised jointly with the Free Romgaz Mediaș Union is high, stimulating the willingness for professional development of every participant and motivates the training on the job, with positive impact on company's results. The project beneficiaries are the employees who apply for the competition organised by work teams, at the level of section, at branch level and then at company level. Promoting this competition motivates the employees in their professional training for each job performed.

CORRELATION WITH COMPANY'S BUSINESS STRATEGY:

Planning of objectives and resources, setting strategies, adopting decisions and starting actions involves a basic component of the coordination function, namely communication. Internal communication leads to group homogeneity from motivational perspective, thus increasing the informational value of the intended message and contributes to fulfilment of proposed objectives, continuous development of competencies and professional skills, encouragement of ethical and professional behaviour and professional performance.



CHAPTER 5

ENVIRONMENTAL PROTECTION

A highly performant management system for managing the impact our activities have on the environment is essential for strengthening our position on Romanian and Central and Eastern Europe markets and for the mission of producing and supplying energy under continuous increase of performance and competitiveness.



5.1 Environmental Performance

Continuous enhancement of activities we perform in relation with environment protection translates into environment protection actions and programs and into periodical assessment of environment performance with the scope of monitoring the company's progress.

The environment performance is assessed on annual basis during the Management Committee of the Integrated Management System, where members are appointed by the Directors' General Decision. The Management Committee members receive a Report on the Integrated Management System operation drafted by the Integrated Management team by cumulating information sent by the team responsible for the operation of the Integrated Management System.

Entry data for the environment performance assessment is:

- ⊙ management of environment-related issues;
- ⊙ management of environment-related objectives;
- ⊙ implementation degree of the program for environment management;
- ⊙ waste management;
- ⊙ permits;
- ⊙ information relating to environment monitoring-measurement;
- ⊙ implementation degree of environment protection training;
- ⊙ compliance with legal applicable environment protection legislation;
- ⊙ environment-related complaint management;
- ⊙ penalties and environment-related fines;
- ⊙ environment accident;
- ⊙ information on training for emergency situations and response capacity;
- ⊙ results of the internal and external environment-related inspections;
- ⊙ results of the internal audit regarding the Integrated Management System.

The environment management system implemented in our company targets the following objectives:

Contiguous monitoring and systematic analysis of processes for ensuring their efficiency and effectiveness;

Empowerment of every employee in relation to the personal contribution to the integrated environment management system;

Adoption of the best operating practices and imposing the same standard to our contractors and suppliers;

Development of production capacities with superior capability for an efficient use of resources and reduction of waste resulting from operation;

Reduction of air pollution by decreasing the quantity of pollutants using new and performant technologies contributing also to the increase of energy efficiency;

Maintaining within limits the quality of water discharged in the natural emissary simultaneously with the significant reduction of discharged cooling water volume.



The efficiency of the integrated environmental management system is proven by the fact that in 2017 Romgaz did not receive any warnings, sanctions or fines for non-compliance with environmental protection laws.

Actions related to environmental protection are managed by the Environmental Protection department and by leaders of organisational units. Leaders are responsible for training the employees in environmental protection matters and related to the implementation of provisions included in environmental authorisations/integrated environmental authorisations/water management authorisations issued for performing activities on the location managed by them.

Actions related to environmental protection are supervised by the person on the higher level than the one performing the activity.

Environmental information are sent according to internal and external communication flows, approved by the director general.

Each branch and the headquarters have employees appointed by resolutions, responsible with waste management and reporting according to Law no.132/2010 on the selective waste collection in public institutions, and namely Law 211/2011 on the regime of waste.

Romgaz policy as regards the commitment to consolidate the company's image by promoting compliance with applicable legal and regulatory requirements on pollution prevention and reduction of undesired effects on the environment, is implemented by operational procedures/work instructions approved by the Director General.



Energy

Natural gas continues to represent one of the essential resources for the economic development and global progress. However, natural gas production industry remains a gigantic energy consumer and therefore, one large contributor to greenhouse gas emissions.

As Romania's main gas supplier and the largest gas producer we are aware of the impact on the environment, especially by the high energy and fuel consumption. Therefore, our efforts and investment concentrate on the development of highly energy efficient processes by using innovating equipment and technologies to contribute to reducing the impact on the environment and ecosystems that host our activities.

Total energy consumption:	2017 (GJ)
Electricity	846,687.6
Total fuel consumption from conventional sources depending on the type:	
Diesel Oil	158,604.832
Gasoline	2,421.738
Natural gas	23,478,741.892
Liquefied petroleum gas	3.164
Total fuel consumption from renewable sources:	
Solar energy	390.087

Sold energy	Quantity (GJ)
Electricity (by SPEE Iernut, delivered in the National Power System)	5,797,591.2
Electricity (by Mures branch, delivered directly to household consumers)	2,067.609

In 2017 the total energy consumption of the company was 18,687,190.504 GJ (conventional fuel + unconventional fuel + electricity + consumed energy that was produced within the company – sold energy)

The used measuring units and conversion factors are extracted from the international unit system.

The total energy consumption is calculated by adding total consumptions of: electricity, fuel, etc. expressed in toe/year (ton oil equivalent/year) in compliance with Law no.121/2014; gas and power metering.

Energy intensity per gas production:

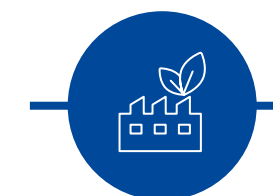
$$\frac{18.687.190.504}{5.158.000.000.000} \text{ GJ/m}^3 = 3,623 \cdot 10^{-6} \text{ GJ/m}^3$$

Efforts for Reducing Energy Consumption

We implement constantly actions and measures to reduce energy consumption and to ensure its efficiency.

Actions taken during the reporting period towards energy efficiency:

- ⌚ Renew the vehicle fleet, by replacing 6 special vehicles (cesspit emptier, crane trucks), 49 cars, 41 mixed utility cars, all being old with high emissions and specific consumption, with new ones;
- ⌚ Modernisation of artificial lighting, inside and outside, at administrative buildings;
- ⌚ Modernise/replace thermal heating facilities;
- ⌚ Modernise compressor stations;
- ⌚ Mount 623 solar panels with an installed power between 12.5 and 17.5 kWh at gas well clusters;
- ⌚ Performing an energy efficiency study to reduce energy consumption (diesel fuel, gasoline) that resulted in installing fuel level sensors and GPS tracking devices;
- ⌚ Washing condensers to improve mist temperature;
- ⌚ Reduce water-steam losses by eliminating imminent leakages;
- ⌚ Use frequency converters for electric control.



The total investment for reducing the impact of energy and fuel consumption was 158,583,000 RON.

Therefore, our efforts were translated in a decrease of the energy consumption by 4,961.358 GJ.



Effluents and Waste

Water

Managing and reducing water consumption is an important direction that we focus on in our efforts to reduce the environment imprint of the company.

There are no significantly affected water sources by the water extraction processes. When computing the total water consume we used the recordings from water meters monitoring.



Water	Volume (mc)
Total volume of used water	240,057,430
Total volume of recycled water	-
Total volume of reused water	1,364,725.914
Total volume of returned water – SPEE Iernut (Mures river)	238,335,611.4

From which, artificially extracted water by the company:

Water source	Volume (mc)
Surface waters, including water from marshy areas, rivers, lakes	239,941,800.76
Underground waters	31,935
Rain water directly collected and stored by the company	3,280.24
Municipal water supply and other public or private water utilities	80,414

Total amount of used and evacuated water following the organization's activities according to: the type of activity, total volume of used water, water quality and treating method:

Type of activity	Total volume (mc)	Treating method
Used water for hygiene-sanitary reasons and potable water	48,570	- Purification station - Pretreatment with lime and aluminum sodium, disinfection, sand filters and active coal - Mechanics
Water used for Separator 1+2 SPEE Iernut (Ev.2)	164,509	- Waste used water treatment station, mechanical, chemical and biological stage; - Oil separators No. 1 and 2
Water used for Separator 3+4 SPEE Iernut (Ev.3)	303,655	- Used water neutralizing station; oil separators no. 3 and 4
Water used for car wash stations	8,370	- Oil separator set up
Water used in other technological processes	239,532,418	- Mechanic-biological purification station, oil products separators - Mechanics

Note: the quality of the evacuated water is in compliance with the Normative related to establishing loading limits with pollutants of used industrial waters and city waters at the natural evacuation points, NTPA -001/2002 and the Normative regarding the evacuation conditions of used waters into the sewage of localities and directly into the purification stations NTPA-002/2002.

Investments for reducing the water consume:

Reducing water consume (conservation)	Low volume (mc)	Total investment (thousand lei)
Refurbish the Compressor Station Fantanele	8,023	1,200



Waste



The Company respects and implements all statutory regulations from the national law regarding waste regime and where possible, we apply and implement the best practices and techniques available at international level for waste disposal.

Total waste resulted from the company's activities:

Recycled waste	Quantity (t)
1 Wrapping materials (paper)	14.421
2 Glass	-
3 Aluminum	0.518
4 Lighting fitting	1.021
5 Oils	299.318
6 Batteries	4.094
7 Plastic	6.545
8 Sawdust, paring, matchwood, board and veneering leftovers, other than the ones specified at 03.01.04*	0.236
9 Oily sludge from the equipment and facilities maintenance operations	12.000
10 Other unspecified waste from petroleum refining	73.700
11 Other unspecified waste from gas purification (reservoir water + tryglicol)	13.380
12 Other unspecified waste (rubber waste – tubing)	0.700
13 Print toner waste with dangerous substances contain	0.300
14 Grindings and scrapings	5.970
15 Emulsions and outworn lubricants without halogens	0.360
16 Oily waters from oil/water separators	28.200
17 Packaging that contain residues or that are contaminated with dangerous substances	3.839
18 Absorbents, filter materials, polishing materials and protection clothing, other than the ones specified at 15.02.02*	1.257
19 Absorbents, filter materials (including oil filters without any other specification), polishing materials, protection clothing contaminated with dangerous substances	9.644
20 Outworn tires	24.917
21 Oil filters	0.072
22 Antifreeze fluids with dangerous substances contain	4.500
23 Ferrous metals	105.056
24 Removed components from scrapped equipment, other than the ones specified at 16.02.15*	5.555
25 Coal oil and tar products (tar board)	10.000

Recycled waste	Quantity (t)
26 Copper, bronze, brass	0.130
27 Iron and steel	304.219
28 Decommissioned cables insulation	1.820
29 Insulating materials with asbestos content	0.500
30 Others than the ones specified at 17.06.01* and 17.06.03* (mineral wool)	34.570
31 Decommissioned electronic and electric equipment, others than the ones specified at 20.01.21* and 20.01.23* with dangerous components content	0.207
32 Decommissioned electronic and electric equipment, others than the ones specified at 20.01.21* and 20.01.23* with dangerous components content	5.158

* Waste is included according to GO No. 856 from the 16th of August 2002 regarding the waste inventory records and for approving the list comprising waste, including dangerous waste

Waste disposal method	Total quantity of dangerous waste (t)	Total quantity of harmless waste (t)
Recycling	373.136	599.071
Storage	16.335	4,273.890

Total quantity of waste resulted after the drilling activity according to the fluid type used for operations and according to the treating and disposal method:

Treating method/ type of fluid	Water based drilling fluid (water-based) (t)	Waste from oil based mud from water based drilling (t)	Waste from oil based mud with chlorides content (t)
Recycling	313.36	-	-
Onshore storage (with or without pre-treatment)		1,704.84	370.2

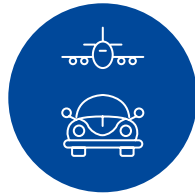


Transport and Greenhouse Gas Emissions

We focus constantly on measures that will help us reduce the green house effect emissions and the lowest impact possible of our operations on the environment.



Transport



Total distance:
 ☉ by car: 1,742,421.641 km
 ☉ by airplane: 350,822 km

Company's fleet	Number
Diesel	709
Benzină	16
Electric/Hibrid	33

Employees transport	2014	2015	2016	2017
The distance made by the company 'employees with their personal cars on business matters	100,458 km (estimated)	91,261 km (estimated)	48,562 km (estimated)	167,251 km (estimated)
The distance made by the company 'employees by public transport means (taxi) on business matters.	-	666 km (estimated)	1,096 km (estimated)	103,705 km (estimated)
Courier services for freight transport (quantity of freight transported)	-	-	-	-
Distance by car from the company' fleet (km)	2,299,449.30 km	2,267,576.73 km	1,776,259.58 km	1,742,421.64 km

The calculation of the greenhouse emissions is related only to the carbon dioxide quantity directly resulted from the company's activities and employees transportation with the cars owned by the company. Emissions from producing electric energy took into consideration the energy generated by the 5 big fire plants from SPEE Iernut exclusively.

The values of the emission factors used when calculating the total quantity of greenhouse emissions resulted from fuel combustion (Scope 1) were extracted from the List regarding the national values of the emission factors and the net calorific power characteristic for each type of fuel and type of activity, available on the Environment Ministry website.

In the case of the electric energy produced by SPEE Iernut, the emission factor was determined monthly by using a calculation formula provided by ANMP Bucharest which is based on the data obtained from the natural gas chromatography (PCN, composition, density). The chromatography of natural gas is carried out in a authorized lab SR EN ISO 17025/2005.

SCOPE 1

☉ Includes direct greenhouse gas emissions resulted from the company's activity (fuel burning, process emissions, company's car fleet and other fugitive emissions).

Greenhouse emission (tons CO2eq)	Quantity (tons CO2 eq)
Scope 1	
Fuel road transport	1,183,984.380
Natural gas burning gas compressors	
Natural gas burning in thermal power stations and central heating	
Natural gas burning in dehydration stations	
Producing electric energy SPEE Iernut	

Reducing the greenhouse emissions

Quantity (tons)	The implemented initiative that led to decreasing the emissions quantity	Investment value (lei)
0.17	Upgrading the car fleet	10,394,000
0.01	Replacing heating boilers	80,000
278	Installation of fuel level sensor and car fleet GPS	269,000

Biodiversity

The decline of the ecosystems and the continuous decrease of the biodiversity is a constant concern worldwide because the climate changes are leading to losing habitats and amplifies the human impact on the natural ecosystems.

We are aware that our activities are carried out in very important areas regarding the biodiversity, thus, each operational emplacement held or managed by our company is carefully monitored as far as the impact on local flora and fauna is concerned.

Two of the company's emplacements are nearby some protected areas or nearby areas of high biodiversity value.

1. Well 66 Vișani

for which provisory preparing works have been performed, drilling and production tests.

Geographic position

Well 66 Vișani is located within the community interest area ROSCI0005 Balta Albă - Amara - Jirlău - Lacul Sărat Căineni and right near the special avifaunal protected area ROSPA0004 Balta Albă - Amara - Jirlău.

The well site and the technological road are situated within a land used as pasture land, situated at about 5- m away from the defense barrage on the left shore of Buzau river.

The well is situated in the administrative perimeter of Visani village, Braila county, at about 6.3 km North – West from the center of Faurei locality.

Surface and underground terrain and the size of the emplacement

In order to reach the target „Provisory preparation works, drilling and production tests at well 66 Visani” a total surface of 18,704 m² is necessary, surface which belongs to Visani municipality from which:

- ⤵ Access road surface : 9,543 m²
- ⤵ Well site surface: 9,161 m²



The position towards the protected area (in the area, adjoining the area or containing parts from the protected area) or towards the area with high value for the biodiversity outside the protected areas

The projects area is situated in the filed stage, the area's vegetation being originally in transition from steppe to silvo-steppe, but at the present moment is highly modified by anthropic reasons.

ROSCI0005 Balta Albă - Amara - Jirlău - Lacul Sărat Căineni (the emplacements is situated within this site, at approximately 100 meters in interior from the limit) and ROSPA0004 Balta Albă - Amara – Jirlău site (the emplacement is situated outside the site, at a 1,700 meters approximately from the limit). The wells site and the technological road are situated on a terrain used for cattle grass, situated at about 50 m from the defense barrage on the left shore of Buzau river.

From among the community interest species, one single species will be affected: the gopher (*Spermophilus citellus*). This specie's tunnels are on a narrow band represented (probably) by a left over from the barrage.

The access road will cross this barrage on a width of 4 meters, therefore the impact will be a very reduced one. In this respective area, gopher tunnels were uncovered laterally (right – left, at a 2-5 meters distance) from the access road (the place where it crosses the channel and then the rest of the baragge). The tunnels follow the barrage towards West, North from the road projected and parallel with it. Therefore, the forecasted impact will be a very reduced one, strictly localized in the area where the road crosses the rest of the barrage on a width of 4 meters. It is forbidden to set up equipment or store construction materials/ excavation leftovers.

Type of operation

Drilling an exploration well at 5,000 m depth – 66 Visan.

The value for biodiversity:

Given the habitat characteristics in the proposed area for investment and namely a grassland with highly overgrazed and ruderalised, the conservative value is pretty low.

In case of the visits at the location in the perimeter proposed for investment a single habitat was identified (community habitat) which could be affected.

The identified habitat is 1,530* grassland and Pannonic and Ponto- Sarmatic salt marshes. On a 906 m distance the access road construction will result in modifying the habitat's surface aspect on the roadway location and the eventual drainage channels alongside the road. Thus, it is estimated an approximately 4,543 square meters loss. The loss will be temporary as the materials used for the road construction will be removed. The well site with a 9,161 square meters surface also represents a temporary loss from the same type of habitat, as here the removed soil will be restored after completing the constructions, and thus the recolonisation of these surfaces by the steppe grasslands species has a high probability.

As far as the community interest bird species are concerned, especially the migrators tied to the wet areas, during the visits at the location it was established that the investment area is used as stop-over and feeding area. Given the point like nature of the investment (reduced surface, minimum modification of the habitat) we believe that the impact on them will be extremely reduced to almost inexistent.

We believe that if the proposed measures in the study on the impact on the environment are followed accordingly, the risks on the community species and habitats, compared to the entire community site (ROSCI0005 Balta Albă – Amara – Jirlău – Lacul Sărat Căineni, but also on bird species even if the area is not parts of the SPA – Avifaunistic Special Protected Areas) will be extremely reduced to almost inexistent.


2. SPEE Iernut

Geographic positioning

From a topographic point of view, SPEE Iernut emplacement is situated in the major bed of Mures river, on the left shore, between Iernut and Cuci localities, in Transylvania's Plain, at an average altitude of 280 m, the field's flank being slightly inclined from S to N towards Mures river.

Surface and underground terrain

24.78 ha surface.

 **The position towards the protected area** (*in the area, adjacent to the area or containing parts from the protected area*) or towards the area with a high value for the biodiversity outside the protected area.

RO SPA 0041 –Iernut – Cipău Ponds – at 850 m distance from CTE Iernut, RO SCI 0210 – Rapa Lenchitei- at 2.3 km distance from CTE Iernut.

Operation type

Headquarters and production unit.

Value for the biodiversity:

The direct impact of the emplacement is manifested by evacuating the cooling waters at high temperatures in Mures River during the fish reproduction period, managed through continuous monitoring of the fish population which emphasized the existence of some fish species upstream and downstream from the barrage.

Having in view the fact that the results are from 2 (two) monitoring campaigns (in summer, respectively in autumn 2017), evaluating the preservation status of the aquatic ecosystem as well as identifying their evolution tendencies in time, in not justified. Thus, such estimations require a data set of at least three seasons, and from the point of view of some conclusive results, statistically regarding the population's evolution a multi annual monitoring is required.

However, at the moment of the monitoring, a change of the thermic regime was emphasized. An increase of the water temperature was observed towards the section upstream from the power plant, at the cooling water evacuation point (the section downstream from the barrage).

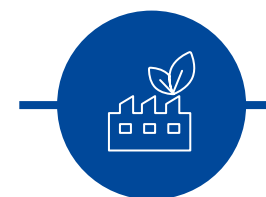
5.1. Equipment Removal and Land Restoration

Our exploitation areas are represented by drilling wells. Romgaz holds a number of **4,659** wells, which are considered fixed assets, of which **3,211** wells are wells with production potential and **1,448** are inactive wells. The average surface bordered at the christmas tree for each well is 24 square meters. Abandoned wells represent inactive exploitation areas. In 2017, **29** wells out of **3,211** productive wells were abandoned.



The abandonment process of an exploitation well takes place when:

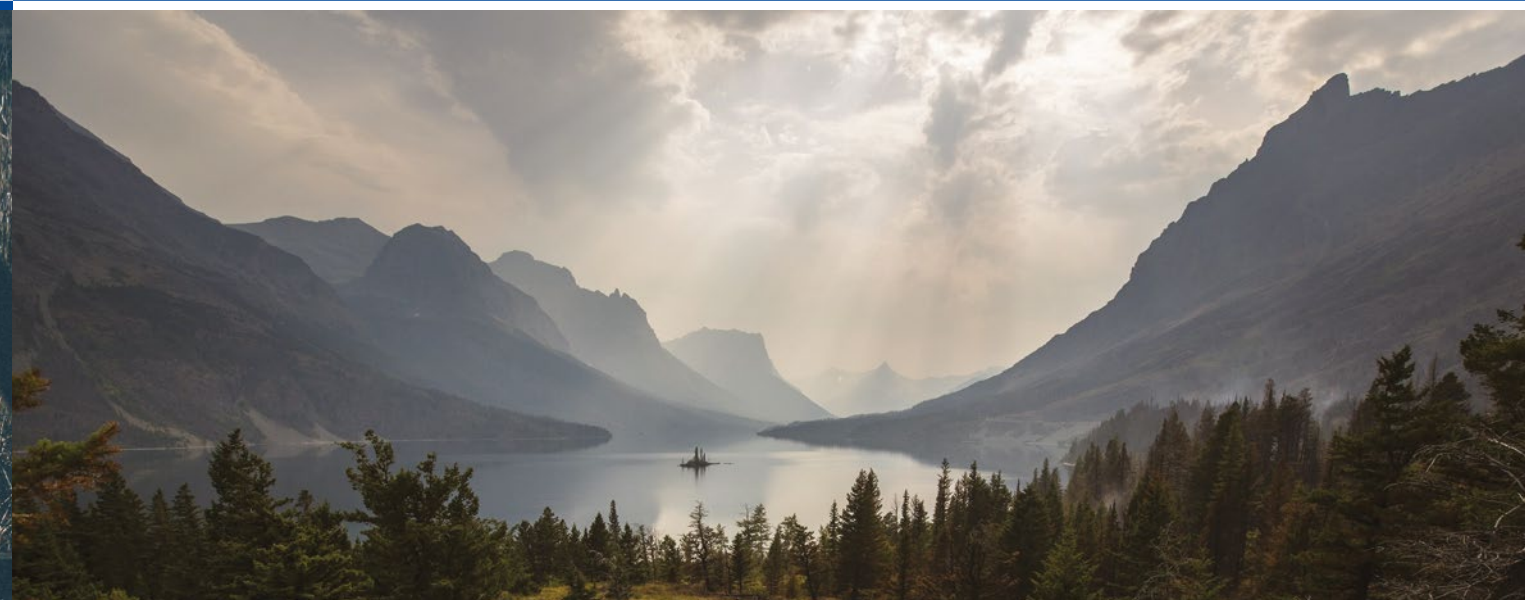
- ⊙ Drilling works cannot be continued for technical or geological reasons
- ⊙ The well is depleted on all layers know as productive and/or searched all the possibly saturated collectors
- ⊙ The well cannot be put into production for technical reasons
- ⊙ The wells flow rate reached below the economic exploitation limit set for the reservoir



In the inactive well abandonment process, the company complies with all the valid legal provisions, as follows:

- ⊙ Prepares environment processes;
- ⊙ Prepares official records in the agricultural circuit;
- ⊙ Prepares and signs official records between the company and land owners;
- ⊙ Obtains the abandonment authorization for each well in case the company gives up the block concession.

During the report period there were no claims, complaints or referrals registered from the control communities and bodies regarding the well abandonment process quality.



5.2 Environment Actions in 2017

We elaborated seven impact studies in 2017 from which only one with continuous monitoring: the environment impact evaluation study for the project „Upgrading CET Iernut by building a new thermoelectric power station in combined cycle with an installed power between 380 MW and 430 MW“- Iernut locality emplacement, Mures county – continuous fish fauna from Mures river monitoring which determined fish species from upstream and downstream from the barrage. The other 6 impact studies were requested for the natural gas wells drilling, these wells being situated in NATURA 2000 sites and are based on adequate evaluation studies, after the meeting of the Committee for Technical Approval from within the Environment Protection Agencies. The impact studies are requested by the regulatory authorities within the environment

protection field.

Also, Romgaz is title holder of 45 environment approvals issued in 2017 for executing specific projects.

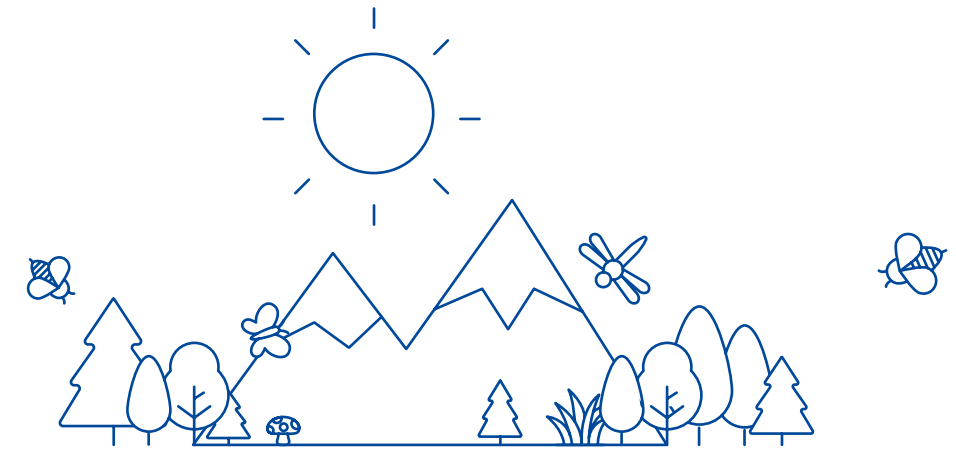
Each year, the company develops and implements a program for reaching the environment protection objectives. The measures are established by the SMI responsables from within the subsidiaries in collaboration with the chief of section, chief of the investment/development and environment protection departments, approved by the subsidiary directors, approved by the General Director, and their monitoring is carried out at hierarchical level of the responsible person for this activities and the Integrated Management Department by an attentive control on reaching the key performance indicatives.

Summary of the actions performed for operations and environment protection efficiency

In order to diminish the impact of our activity on the environment during 2017 we implemented a series of actions that envisaged specific objectives for environment protection as follows:

Preventing soil and subsoil pollution

- ⌚ Continuing the development project for well 238 Roman for reservoir water injection. The works were completed in July 2017;
- ⌚ Building a waste water injection system at well cluster 131 Prod, 10 Prod, 1 Petis;
- ⌚ Installation of 20 cubic meter glass fiber tanks at the well cluster 12 Magherani;
- ⌚ Installation of a waste water evacuation system at the well clusters 1 and 24 Dumbravioara;
- ⌚ Analysis of the reservoir water aerosols effect at well clusters from around the metering tanks by analyzing the results of the determinations carried out during the last 3 years and the elaboration of a contaminated areas rehabilitation plan.



Reducing pollution during the reservoir water collection, evacuation and injection process

- ⌚ Upgrading the collection and evacuation facility at well cluster 3 Faurei and installing an injection pipe at well 31 Caragele. The project was completed during the report period.

Reducing soil pollution in gas dehydration process

- ⌚ Upgrading the system for waste water resulted from gas dehydration process at SU Ernei. The works were completed during the report period.

Monitoring the oil recovery rate

- ⌚ Preparing a monthly report regarding the used oil recovery rate compared to lubricating oil used at the Compressor Station.

Preventing water pollution

- ⌚ Design and construction of an upgrading system for used water at SC Balaceanca.

Waste management

- ⌚ Enhancing waste management by purchasing 1 cubic meter littering tanks for slurry collection
- ⌚ Enhancing the drilling mud collecting process through interventions, production tests, well re-equipment and completion by purchasing mud collectors with through and pipes;
- ⌚ Selective collecting and storage of ferrous and nonferrous waste
- ⌚ Temporary waste storage in safety conditions
- ⌚ Waste recovery and disposal with authorized firms

Natural ecosystems protection

- ⌚ CTE Iernut upgrading by building a new power plant with combined cycle and monitoring the status of the fish population evolution in Mures River upstream and downstream from the collecting barrage.

5.3 Objectives for 2018



Soil and sub soil pollution prevention by building waste water injection systems at well clusters 131 Prod, 10 Prod and 1 Petis;



Performing analysis on the reservoir water aerosols at well clusters, around the littering tanks through the results from the determinations carried out during the last 4 years on the soil tests sampled at the well clusters;



Obtaining the environment protection and water management regulation papers for developing gas extraction and other related activities for all the emplacements, for all the significant amendments adopted during 2017-2018, respectively;



Monitoring the recovery rate of used oil at the dehydration stations;



Purchasing 20 cubic meters littering tanks with shakers, gun and through for preventing pollution and storage of waste resulted from milling operations;



Purchasing 20 cubic meters littering tanks with separators at the coiled tubing interventions, in order to improve the management of waste resulted from special operations activities;



CTE Iernut upgrading by building a new power station in combined cycle, turnkey projection and execution for CO2 emissions reduction;



Monitoring the fish population from Mures river, upstream and downstream from the collecting barrage, in order to evaluate the impact on the biodiversity of the activities carried out by the company;



Paper waste, toners, DEEE, plastics, ferrous and nonferrous waste selective collecting and storage, temporary waste storage in safety conditions and generated waste recovery and disposal in order to reduce the imprint on the environment and to increase the resources use efficiency.





CHAPTER 6

RELATIONSHIP WITH LOCAL COMMUNITIES

In planning new projects, we always take into consideration the impact they have on the communities where we carry out our activity. By doing so, we identify whether our activities could affect the rights of the persons and communities in the area and we seek the best options for limiting a negative impact.



6.1 Investments in the Economic Development and Infrastructure Improvement in Local Communities

The size and nature of our activities determine a high risk associated with the occurrence of disputes or conflicts with the local communities' representatives.

The main reason for dispute relates to expropriation for public purpose in connection with national, county and local investments.

Law 255/2010 on expropriation for public purpose in connection with national, county and local investments and GD 53/2011 for the approval of enforcement guidelines of Law 255/2010 is the legal framework for performing these activities.

Because in Law no. 255/2010 the expropriator is the Romanian State and it may be represented by the Ministry of Energy through SNGN Romgaz S.A., in 2013 an expropriation action was implemented regarding a piece of land required for performance of works, respectively the putting into production of wells: „S.N.G.N. Romgaz S.A. – Well 4 Bătrânești Surface Facility”, Bacău county and „S.N.G.N. Romgaz S.A. – Well 15 Bilciuresti Gathering Pipeline” Dâmbovița county, where land owners refused to conclude a land lease or land sale agreement as offered by our company.

The expropriation phases were:

- ⊗ drafting of documentation (including feasibility study and topography project approved by the OCPI, real estate evaluation made by an ANEVAR evaluator) based on which the expropriation Government Decision is issued;
- ⊗ establishment of the amount for the expropriation of the owners;
- ⊗ issuing the expropriation decision;
- ⊗ verification of the real property right by the committee appointed by the expropriator;
- ⊗ payment of damages;
- ⊗ registration of expropriation corridor. ⊗ întabularea coridorului de expropriere.



Terms:

- ⊗ January 2013: initiation of expropriation procedure;
- ⊗ December 2015: issuance of expropriation Government Decision;
- ⊗ April 2016: issuance of expropriation decision.

During the reporting period, following the company's activity no significant complaints, notifications or incidents were recorded from the communities where the company operates, irrespective of the operation status and nature.

In order to fulfil contractual obligations included in the concession agreements Romgaz concluded with the National Agency for Mineral Resources for performance of exploration-development-exploitation petroleum operations, works are required for consolidation of public roads facilitating access to the location. Several assessments outlined the lack of coherence, correlation and predictability when implementing the legislation for the phase of promoting drilling designs, i.e. obtaining required construction permits and authorizations. In addition, there are different interpretations of the law among governmental institutions. The existing legislation (GD no. 43/1997 regarding roads as amended and supplemented by Law 198/2015, Petroleum Law 238/2004) provides the possibility to construct and consolidate roads required for performance of petroleum operations, relating costs being paid by the party requesting modifications of a public road.

These provisions are not correlated with the financial and accounting laws regulating the accounting categorization of these expenses – such works are not connected to roads in the property of Romgaz but belonging to the public interest, actually modifying a fixed asset of public interest.

For this reason, in 2017 the company made improvements and consolidations only for the roads owned by Romgaz or on land the company holds under concession such roads being open to national traffic.

In 2017, the “Natural Gas Dehydration and Compression Stations at Sarmasel storage” was commissioned increasing the storage capacity to 900 million m3/year and the withdrawal rate at 9 million Nm3/day by means of adapting the technological flow through gas compressors and dehydration units and the interconnecting pipeline during the injection/withdrawal cycle for obtaining a specific minimum energy consumption.

The commissioning of this compressing station led to the economic development of the local area due to creation of new jobs.

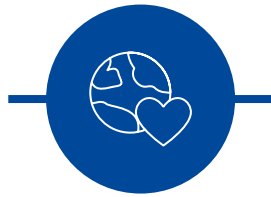
“2015-2025 Development Strategy” of our company provides the position consolidation on the energy supply market, an objective that required “enhancement through investments for the increase of CTE Iernut power plant efficiency to minimum 55%, compliance with environment requirements (NOX, CO2) emissions and increasing operation safety”. In 2017, the investment project “Development of CTE Iernut by constructing a new combined cycle gas turbine thermal-electrical power plant” at CTE Iernut was initiated. Its commissioning, scheduled for 2020, will have a major impact on the regional development of the area.

6.2 Financial Contributions

The activities we perform and the projects for the communities we support are voluntary, going beyond the legal responsibilities, being a company fully aware of the role we play in the society.

Our involvement in projects or programs of interest for the communities' progress is rooted in the desire to meet the society's expectations and to support initiatives contributing to the sustainable development for the benefit of present and future generation.

The commitment to social implication, an integral part of Romgaz Social Responsibility Strategy, promotes an active dialogue and cooperation with the stakeholders with the purpose of outlining a common scope in favour of sustainability.



The company's sponsorship policy defines the fields of interest where our efforts are directed to:

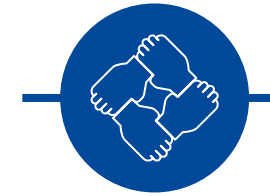
- ⊖ Education;
- ⊖ Sport;
- ⊖ Culture;
- ⊖ Environment protection and energy efficiency;
- ⊖ Social, groups and disadvantaged persons.



The financing applications we receive are assessed against several criteria (beneficiary target group, specific field of each project, correlation with the company's values, impact on the community, reputation of the finance requesting party, the budget construction, the requesting party's organisational capacity, experience in transmitting results). As such, priority projects are those projects which are:

- ⊖ in relation to the company's scope of activity
- ⊖ close to the company's geographical area of activity
- ⊖ adding value to the local communities or complete company's projects implemented or under implementation

The Guidelines on Sponsorship regulate aspects in connection with granting efficient and rapid sponsorships. The guidelines are available on the company's website: www.romgaz.ro.



In 2017, the total value of investments made in the community was 7,731,870 RON.

Expenses had the following distribution	Amount (RON)
Total sponsorship expenses, out of which:	7,731,870
• in the field of medicine and health	2,589,632
• in the field of education, social and sports, out of which:	3,884,848
- sports clubs	3,450,920
• other actions and activities	1,257,390



6.3 Partnerships for the Community

Projects supported in 2017 had a positive impact on the environment and community, but brought also an important benefit for the society given the positive animation effect of the organizational culture and the reputation of being a responsible employee and a socially involved partner.

The main project supported by Romgaz are:

EDUCATION



"PRAHOVA, INTERNATIONAL OIL CAPITAL"

Partner: Oil and Gas University Ploiesti

Amount: 46,000 RON

PROJECT DESCRIPTION:

„Prahova, 2017 – International Oil Capital” consisted in several manifestations during 2017 dedicated to the significant role of the oil and gas industry in our country. In this respect, we make reference to the unveiling of a monument (April 2017) dedicated to Teodor and Marin Mehedințeanu brothers who established the first refinery in Romania and illuminated for the first time, worldwide a city with kerosene, and to the unveiling of an anniversary plaque dedicated to Anghel Saligny, an academician, who designed the first oil transmission pipeline between Bustenari and Constanta. In addition to commemorative and anniversary exhibitions, events were hosted with dedication to academic personalities and they were attended by representatives of the central and local administration, of the commercial part of the energy sector and of the local communities. The size of the events is marked by the importance of the oil and gas sector for the national history, which facilitated the development and modernization of Romania.

BENEFICIARY:

Local/national community, academics, representatives of the oil and gas industry.

CORRELATION WITH THE COMPANY’S BUSINESS STRATEGY:

Promotion and development of the oil and gas-specific academic degree of recognition and the awareness on the importance of this sector for the local and national communities.

"CINEMA EDU VITH EDITION" - films for high school students

Partner: Macondo Cultural Association, Bucharest

Amount: 45,000 RON

PROJECT DESCRIPTION:

Romgaz has granted financial support for the implementation of the Cinema Edu – an educational and social cinematographic project for high-, which is the VI-th edition. «Films for high school students» brings teenagers closer to cinematographic masterpieces, which provides a framework for discussion with special guests from the film industry covering different topics such as society and culture. This initiative offered free access to pupils and teachers from five Romanian cities: Craiova, Mediaș, Târgu Mureș, Roman and București. Romgaz wanted to promote cinematographic education and distributed 4 of the most awarded art films launched during 2015-2016 covering a social theme and which generated international discussion: „Mustang”, The Boy and the Beast”, „La vie en grand”, „Keeper”.

BENEFICIARY:

2,500 young people participated to viewing films followed by debates with specialists.

GOAL OF THE PROJECT:

To develop in young people the capacity to respond to social, economic, environmental and technological challenges during their transition to maturity and to support them in acquiring a balanced perception of the world they live in. Cultural and social topics are complementary to the conventional school curricula, and the debates develop the capacity of young people to select and process information to which they have nowadays unlimited access to the technological developments.

CORRELATION WITH THE COMPANY’S BUSINESS STRATEGY:

Confirmation of Romgaz commitment for communication activities according to the Corporate Governance Code aiming at supporting priority activities of interest for the communities where the company carries out activities, in close relation to corporate social responsibility principles and in agreement with the company’s objectives.



SPORTS AND HEALTH



MEDICAL EQUIPMENT

Partener: Sibiu ER Hospital

Amount: 800,000 RON

PROJECT DESCRIPTION:

The main purpose of this sponsorship was to cover expenses in connection with the medical devices and supplies for the two projects: "Performing specific endovascular therapies for coronal and peripheral territories – within the research lab for adult vascular and cardiac pathology" and "Diagnose and treatment of diabetic and degenerative maculopathy and visual nerve pathology. Surgical treatment of anterior and posterior pole of eyeball pathology" – within the Ophthalmology Hospital.

BENEFICIARY

The entire local community and all the patients in the county benefit from the enhanced quality of the medical act through modernizing and equipping medical units that have a high addressability and complex pathology.

CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Confirmation of Romgaz commitment for community-oriented activities in accordance with its Corporate Governance Code - Contribution to the sustainable development of communities, and promoting a sound relationship with the stakeholders interested in supporting activities in areas of interest with priority for the communities where Romgaz performs its activities.



MEDICAL EQUIPMENT ACQUISITION FOR THE SURGERY SECTION – SURGICAL TABLES (3) AND SURGICAL LAMPS (2)

Partener: Paediatrics ER Hospital Cluj Napoca

Amount: 400,000 RON

PROJECT DESCRIPTION:

The ER County Hospital Cluj Napoca is one of the biggest medical units with beds from Romania and it serves as "Regional Emergency Hospital I.A". It handles all emergencies from the North-West region and it has under its wing the EAU section and SMURD. The awarded sponsorship covered the expenses for the equipment needed in the surgery block – surgical tables and surgical lamps.

BENEFICIARY:

Patients of the hospital – from the local community and the entire country – benefits from the enhanced hospital's performance by providing high standard medical services due to replacing worn-out equipment in the operating block with state-of-the-art medical equipment.

CORELAREA CU STRATEGIA DE BUSINESS A COMPANIEI:

Confirmation of Romgaz commitment for community-oriented activities in accordance with its Corporate Governance Code - Contribution to the sustainable development of communities, and promoting a sound relationship with the stakeholders interested in supporting activities in areas of interest with priority for the communities where Romgaz performs its activities.

"ROMGAZ KINGS TOURNAMENT XI EDITION" (IN MEMORIAM ELISABETA POLIHROIADE)

Partener: Elisabeta Polihroniade Sports Club Association

Amount: 450,000 RON

PROJECT DESCRIPTION:

Romgaz supports and organizes annually, together with Elisabeta Polihroniade Association "The Kings Tournament" Competition and the national school chess championship "Elisabeta Polihroniade" for the pupils from the pre-university education system. Kings' Tournament has reached its XIth edition and it is one of the most appreciated international chess competitions, acknowledged by the by the Romanian Chess Federation and the World Chess Federation (FIDE). It has been included in 2010 in the Grand Slam due to the excellent conditions offered by the organisers.

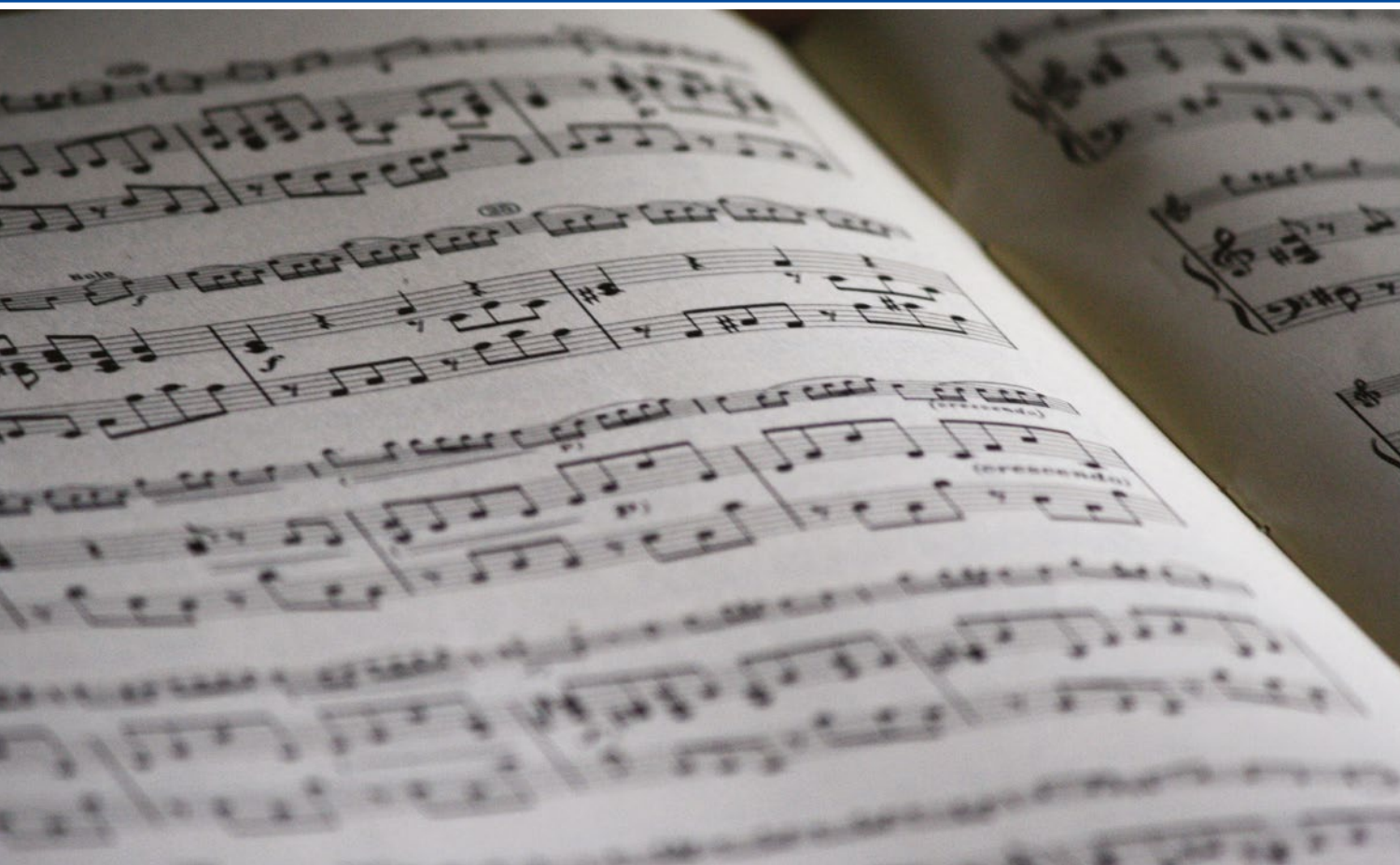
BENEFICIARY:

Making chess popular throughout the country and introducing the optional lesson "Education through chess" in the pre-university school system. The high performance sportsman became a symbol for the society.

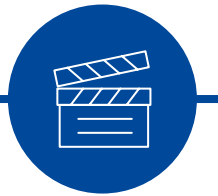
CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Confirmation of Romgaz commitment to support high-impact community activities, according to directions of actions contained in corporate governance regulation, which generates confidence on all social levels and even on economic level.





“ CULTURE



“750 YEARS SINCE THE FIRST DOCUMENTED MENTION OF MEDIAȘ”

Partener: *Medias Municipal Direction for Culture, Sports, Tourism and Youth*

Amount: 339,000 RON

PROJECT DESCRIPTION:

Romgaz supported several projects developed by Medias Municipal Direction for Culture, Sports, Tourism and Youth on the occasion of 750 years since the first documented mention of Medias.

BENEFICIARY:

People of Mediaș for the purpose of local and civil involvement, local community development and respect for the cultural legacy.

CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Confirmation of Romgaz commitment to supporting community-related activities with high impact, in line with the corporate governance regulation generating confidence on all social levels.

“GEORGE ENESCU” INTERNATIONAL FESTIVAL 2017 EDITION

Partener: *Artexim, Bucharest*

Amount: 45,000 RON

PROJECT DESCRIPTION:

"George Enescu" International Festival, an important cultural event of modern-day Romania, became a hotspot on the international cultural map. Once again, Romgaz supported the organisation of this event marked by the excellence of guests, being the most prestigious international musical event hosted by our country.

BENEFICIARY:

Classic music lovers from Romania and abroad.

CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Confirmation of Romgaz commitment to supporting community-related activities with high impact, in line with the corporate governance regulation generating confidence on all social levels even on economic level. Community member access to cultural events, development of country brand.

“TIFF – FILM CARAVAN”

Partener: *Romanian Film Promotion Association*

Amount: 40,000 RON

PROJECT DESCRIPTION:

Romgaz sponsored in 2017 this traditional project initiated to substitute the lack of cinemas. Tiff Film Caravan successfully continued the caravan – on a giant inflatable screen, out-door, the spectators enjoyed watching box-office stories awarded at successful film festivals from Romania or abroad.

BENEFICIARY:

Local communities.

CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Confirmation of Romgaz commitment to supporting community-related activities with high impact, in line with the corporate governance regulation generating confidence on all social levels.

ENVIRONMENT PROTECTION AND ENERGY EFFICIENCY



"IMPLEMENTING THE GREEN CALENDAR AND PROMOTING RENEWABLE ENERGY IN SCHOOLS"

Partener: Association of Tourism and Ecology DIANTHUS Medias
Amount: 45,000 RON

PROJECT DESCRIPTION:

The project took place in 2017 and will continue in 2018 by organising a series of periodical activities generating a change of mentality in connection with renewable energy, environment protection and improvement of man's relationship with the environment. Direct beneficiaries of the project are mainly middle school students from Medias and implicitly all participants to events organised during a year.

BENEFICIARY:

Pupils from local communities.

CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Confirmation of Romgaz commitment to supporting community-related activities with high impact.

"SCENARIOS TO RECONVERT HYDROCARBON RESERVES DISCOVERED IN ROMANIA FROM NON-RECOVERABLE INTO RECOVERABLE"

Partener: Oil and Gas University Ploiesti
Amount: 10,000 RON

PROJECT DESCRIPTION:

Romgaz support consisted in financing the conference "Scenarios to Reconvert Hydrocarbon Reserves Discovered in Romania from Non-Recoverable into Recoverable" aiming, among others, at obtaining a general overview on the National Fund for Oil and Gas Reserves and the possibility to attract in the global, regional and local consumption circuit new hydrocarbon resources by reversion of non-recoverable resources into recoverable ones.

BENEFICIARY:

Local/national community, representatives of the academic environment and of the oil&gas industry.

CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Promoting and strengthening the academic level of the oil&gas sector, contributing to the awareness on the importance of this sector.



"STUDENTS ATTENDING THE ANNUAL TECHNICAL CONFERENCE AND EXHIBITION – EVENT OF THE OIL AND GAS EXPLORATION AND PRODUCTION INDUSTRY – SAN ANTONIO, TEXAS"

Partener: Professional Association of the Romanian Petroleum and Gas Engineers Society

Amount: 15,000 RON

PROJECT DESCRIPTION:

During the event, the Romanian representatives were awarded the "Outstanding Student Chapter" trophy as an international recognition of the Romanian oil and gas educational environment. The students had the opportunity to attend several specific activities, targeted on the development of specialised knowledge and to debate on present-day topics together with other foreign student groups.

BENEFICIARY:

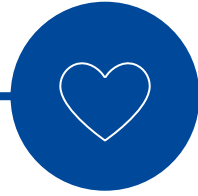
Local/national community, representatives of the academic environment and of the oil&gas industry, students of Oil and Gas University, Ploiesti

CORRELATION WITH THE COMPANY'S BUSINESS STRATEGY:

Institutional development and broadening of oil&gas-related scientific research for the community's benefits, increase of the energy sector development potential by supplying specialised human resources available for recruitment.



SOCIAL, DISADVANTAGED GROUPS AND PERSON COMMUNITIES



"MAINSTREAMING BY PROVIDING INTEGRATED SOCIAL SERVICES FOR THE COMMUNITY – MINIMUM SERVICES PACKAGE – HEALTH COMPONENT"

Partener: UNICEF Romania

Amount: 453,832 RON

PROJECT DESCRIPTION:

Romgaz and UNICEF Romania have supported vulnerable children access to medical services in the community during their third year of partnership. Starting with 2014, UNICEF and its partners test the Minimum Services Package in 45 communities from Bacau County. Thus, in each community, at least one social worker, one nurse and school counsellor, sometimes together with local community nurse and school mediator, work together to provide vulnerable children and their families access to protection, education and health services.

BENEFICIARI:

The families in the community where this project is implemented.

CORELAREA CU STRATEGIA DE BUSINESS A COMPANIEI:

Confirmation of Romgaz commitment for community-oriented activities in accordance with its Corporate Governance Code - Contribution to the sustainable development of communities, and promoting a sound relationship with the stakeholders interested in supporting activities in areas of interest with priority for the communities where Romgaz performs its activities.

"SANCTUARY REFURBISHMENT" FOSTER HOME FOR HIV INFECTED CHILDREN

Partener: Love & Light Romania Association, Ighisul Nou, Medias

Amount: 25,000 RON

PROJECT DESCRIPTION:

Refurbishment of the foster home.

BENEFICIARI:

HIV infected children from local communities.

CORELAREA CU STRATEGIA DE BUSINESS A COMPANIEI:

Confirmation of Romgaz commitment for community-oriented activities in accordance with its Corporate Governance Code - Contribution to the sustainable development of communities, and promoting a sound relationship with the stakeholders interested in supporting activities in areas of interest with priority for the communities where Romgaz performs its activities.

"CHANGE THE DESTINY OF A SPECIAL-NEED CHILD – NEUROMOTORIC RECOVERY CAMP"

Partener: Rază de Soare Association, Iernut

Amount: 20,700 RON

PROJECT DESCRIPTION:

Increasing the life quality of children with neuromotoric disabilities and of their families by increasing the independence of the children, the reduction of the disabilities' consequences and by social and educational integration of children between 3-18 years suffering from light, medium, aggravated and severe disabilities.

BENEFICIARI:

Special-need children from local communities.

CORELAREA CU STRATEGIA DE BUSINESS A COMPANIEI:

Confirmation of Romgaz commitment for community-oriented activities in accordance with its Corporate Governance Code - Contribution to the sustainable development of communities, and promoting a sound relationship with the stakeholders interested in supporting activities in areas of interest with priority for the communities where Romgaz performs its activities.



More information about the projects supported by our company is available in the 2017 Annual Sponsorship and Patronage Report available on our homepage, www.romgaz.ro, under Social Responsibility tab.

GRI Index

This report was drafted in compliance with the methodology described in GRI standards: CORE option.

GRI Index			
GRI Standard	Information	Page number and/or URL	Omission
GRI 102: General Disclosures in 2017	Company Profile		
	102-1 Name of the organization	10	
	102-2 Activities, brands, products, and services	10-11	
	102-3 Location of headquarters	11	
	102-4 Location of operations	11	
	102-5 Ownership and legal form	14	
	102-6 Markets served	10-11	
	102-7 Scale of the organization	6, 10-11, 15, 46-48, 54	
	102-8 Information on employees and other workers	55, 56	
	102-9 Supply chain	50	
	102-10 Significant changes to the organization and its supply chain	14	
	102-11 Precautionary Principle or approach		
	102-12 External initiatives	The company did not adhere to external initiatives.	
	102-13 Membership of associations	28	
Strategy			
102-14 Statement from senior decision maker	5		
Ethics and Integrity			
102-16 values, principles, standards and norms of behaviour	16		
Governance			
102-18 Governance structure	24-25		

Stakeholder Engagement		
102-40 List of stakeholder groups	34-36	
102-41 Collective bargaining agreements	70	
102-42 Identifying and selecting stakeholders	34-36	
102-43 Approach to stakeholder engagement	38-39	
102-44 Key topics and concerns raised	34-36, 42	
Reporting Practice		
102-45 Entities included in the consolidated financial statements	11	
102-46 Defining report content and topic Boundaries	38-41	
102-47 List of material topics	40-41	
102-48 Restatements of information	No updated information	
102-49 Changes in reporting	No changes in reporting. This is the first sustainability report issued by our company.	
102-50 Reporting period	4	
102-51 Date of most recent report	This is the first sustainability report issued by our company.	
102-52 Reporting cycle	Annually	
102-53 Contact point for questions regarding the report	4	
102-54 Claims of reporting in accordance with the GRI Standards	4	
102-55 GRI content index	108-112	
102-56 External assurance	The report was not subject to an external verification.	

Material Topics

Economic Performance		
GRI 103: Management Approach in 2017	103-1 Explanation of the material topic and its Boundary	41
	103-2 The management approach and its components	10, 11, 14, 15, 32, 33
	103-3 Evaluation of the management approach	25, 32, 33

GRI 201: Economic performance in 2017	201-1 Direct economic value generated and distributed	15	
	201-4 Financial assistance received from government	15	
Indirect Economic Impact			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	94, 95, 96, 97	
	103-3 Evaluation of the management approach	25, 32, 33	
GRI 203: Indirect economic impact in 2017	203-1 Infrastructure investments and services supported	94, 95	
	203-2 Significant indirect economic impacts	94-95, 96-107	
Procurement Practices			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	50	
	103-3 Evaluation of the management approach	25, 50	
GRI 204: Procurement practices in 2017	204-1 proportion of spending on local suppliers	50	
Anti-corruption			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	16-21	
	103-3 Evaluation of the management approach	25, 16-17	
GRI 205: Anti-corruption in 2017	205-1 Operations assessed for risks related to corruption	17	
	205-2 Communication and training about anti-corruption policies and procedures	18	
	205-3 Confirmed incidents of corruption and actions taken	22	
Energy			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	74-77	
	103-3 Evaluation of the management approach	25, 74, 75	

GRI 302: Energy in 2017	302-1 Energy consumption within the organization	76	
	302-3 Energy intensity	76	
	302-4 Reduction of energy consumption	77	
Water			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	78-79	
	103-3 Evaluation of the management approach	25, 74, 75, 90	
GRI 303: Water in 2017	303-1 Water withdrawal by source	78-79	
Restoring eco-systems and biodiversity			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	84-87	
	103-3 Evaluation of the management approach	25, 32, 33, 90	
GRI 304: Biodiversity in 2017	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	84-86	
	304-2 Significant impacts of activities, products, and services on biodiversity	84-86	
Emissions			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	74-75, 90	
	103-3 Evaluation of the management approach	25	
GRI 305: Emissions in 2017	305-1 Direct (Scope 1) GHG emissions	82, 83	
	305-5 Reduction of GHG emissions	82, 83	
Effluents and Waste			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	74, 75, 78, 90	
	103-3 Evaluation of the management approach	25	

GRI 306: Effluents and waste in 2017	306-1 Water discharge by quality and destination	78, 79	
	306-2 Waste by type and disposal method	80, 81	
Environmental Compliance			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	74, 75	
	103-3 Evaluation of the management approach	25, 75, 90	
GRI 307: Environmental compliance in 2017	307-1 Non-compliance with environmental laws and regulations	75	
Employment			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	54, 57	
	103-3 Evaluation of the management approach	25	
GRI 401: Employment in 2017	401-1 New employee hires and employee turnover	57	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	63	
	401-3 Parental leave	63	
Labor-Management Relations			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	62	
	103-3 Evaluation of the management approach	25	
GRI 402: Labour / management relations	402-1 Minimum notice periods regarding operational changes	62	
Occupational Health and Safety			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	69	
	103-3 Evaluation of the management approach	25	

GRI 403: Occupational health and safety	403-1 Workers representation in formal joint management-worker health and safety committees	69	
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	69	
Training and Education			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	64, 65, 68	
	103-3 Evaluation of the management approach	25, 64	
GRI 404: Professional training and development in 2017	404-1 Average hours of training per year per employee	65	
	404-2 Programs for upgrading employee skills and transition assistance programs	66, 67, 71	
	404-3 Percentage of employees receiving regular performance and career development reviews	68	
Diversity and Equal Opportunity			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	58-61	
	103-3 Evaluation of the management approach	25, 58	
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	24, 54	
	405-2 Ratio of basic salary and remuneration of women to men	59	
Non-discrimination			
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41	
	103-2 The management approach and its components	60-61	
	103-3 Evaluation of the management approach	25, 58	
GRI 406: Non-discrimination in 2017	406-1 Incidents of discrimination and corrective actions taken	61	

Local Communities		
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41
	103-2 The management approach and its components	94-97
	103-3 Evaluation of the management approach	25, 94, 96
GRI 413: Local communities in 2017	413-1 Operations with local community engagement, impact assessments, and development programs	96-107
Socioeconomic Compliance		
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41
	103-2 The management approach and its components	19, 25
	103-3 Evaluation of the management approach	19, 23
GRI 419: Socioeconomic compliance in 2017	GRI 419-1 Non-compliance with laws and regulations in the social and economic area	23
Innovation		
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41
	103-2 The management approach and its components	32, 33
	103-3 Evaluation of the management approach	25
Equipment		
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41
	103-2 The management approach and its components	32, 33, 82
	103-3 Evaluation of the management approach	25
Natural Gas Reserves		
GRI 103: Management approach in 2017	103-1 Explanation of the material topic and its Boundary	41
	103-2 The management approach and its components	14, 32, 33
	103-3 Evaluation of the management approach	25

OG1	Volume and type of estimated proved reserves and production	14
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal	81
OG10	Number and description of significant disputes with local communities and indigenous peoples	95
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned	87



**ANNUAL
SUSTAINABILITY
REPORT
2017**