

# ROMGAZ

Societatea Națională de Gaze Naturale Romgaz S.A. - Mediaș - România



To the General Meeting of Shareholders of SNGN ROMGAZ S.A.

### Request for approval

to purchase external legal advisory, assistance and/or representation services for SNGN ROMGAZ considering a potential litigation with the consortium DuroFelguera - Romelectro

Whereas:

- Article 3 of S.N.G.N. Romgaz S.A. Board Resolution No. 39/ November 4, 2019 stating that *“the Board of Directors endorses the purchase of external legal advisory, assistance and/or representation services for SNGN ROMGAZ considering a potential litigation with the consortium DuroFelguera – Romelectro, and the Extraordinary General Meeting of Shareholders shall be convened to approve the purchase of external legal advisory, assistance and/or representation services for SNGN ROMGAZ considering a potential litigation with the consortium DuroFelguera – Romelectro.”*
- The provisions of the Government Emergency Ordinance No. 26/ June 6, 2012 on certain measures on public expenditure cut and reinforcement of financial discipline, and amending and supplementing several legal acts:  
*“Article I*
  - (1) *Authorities and public institutions of the central and local government, regardless of how such are financed and subordinated, the state owned or controlled national companies and companies, as well as the autonomous companies having in their organizational structure own legal specialized personnel may not purchase legal advisory, assistance and/or representation services.*
  - (2) *Except where duly justified, where legal advisory, assistance and/or representation activities required by the public authorities and institutions provided at (1) above cannot be ensured by the legal personnel employed in such institutions, such services may be purchased, under the provisions of law, with the approval of:*
    - (a) the Chief Authorizing Officers of the public authorities and institutions of the central government;*
  - (3) *Except where duly justified, where legal advisory, assistance and/or representation activities required by national companies and companies as well as autonomous companies mentioned at (1) above cannot be ensured by the legal personnel employed in such entities, such services may be purchased, under the provisions of law, only with the approval and mandating representatives of the state or the local administrative units in the governing bodies of such:*
    - a) by the Chief Authorizing Officer, where state owned or controlled.”*

Capital social: 385.422.400 lei  
CIF: RO 14056826  
Nr. Ord.reg.com/an : J32/392/2001  
RO08 RNCB 0231 0195 2533 0001 - BCR Mediaș  
RO12 BRDE 3305 V024 6190 3300 - BRD Mediaș



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- S.N.G.N. Romgaz S.A. is currently implementing the investment referring to the 430 MW combined cycle power plant of Iernut, based on a turnkey contract;
- The Contract no 13384 as of October 31, 2016 concluded between S.N.G.N. Romgaz S.A. and the consortium DuroFelguera – Romelectro for the “Development of CTE Iernut by building a new combined cycle gas turbine power plant”, as amended from time to time;
- Pursuant to the provisions of Article 37, paragraph 1, item d) and paragraph 3 of Law 99/2016 on sector specific procurements, purchase of legal services is exempted from certain requirements of Law 99/2016 but by complying with the principles underlying sector specific contracts award;
- The physical progress of works as of the date of this document: delays have been determined as against the schedule of works, that have been caused by additional works for land consolidation as well as due to the difficulties generated by changes in law (i.e. Government Emergency Ordinance 114/2018); such delays will impact the schedule of works related to the investment, as provided in Annex 2 to the Financing Contract and, implicitly, the completion and put into service deadline;
- There are consistent indications that contractual divergences may arise, and such would impact the completion date of the works contract No. 13384 as of October 31, 2016, and the contract price, at the least, and the amicable settlement means of disagreements/disputes have been exhausted;
- It is very likely that potential contractual divergences may not be settled amicable by the parties;
- The investment is included in the National Investment Plan and benefits of a grant, and in accordance with the provisions of the financing contract and the law in force related to transitional free allocation, the investment is required to be put into service by June 30, 2020. Failure to comply with such deadline represents a breach of the Financing Contract 4/2017;
- The deadline imposed by the Financing Contract 4/2017, in accordance with Article 3, paragraph (3), “The Investment Completion Date, confirmed by putting into service, shall not exceed June 30, 2020”, failing which shall terminate the contract and financing shall be reimbursed in accordance with Article 17, paragraph (2), Funding Withdrawing;
- Significant risk to suffer prejudices (running to millions of RON), including loss of profit from electric power generation loss due to failure to put into service the new production capacities by the deadline;
- Major risk for Romgaz to fail to comply with reduction of greenhouse gas emissions in accordance with the Decision of the European Commission C(2012) 4564 final as of July 6, 2012 on the application pursuant to Article 10e, paragraph (5) of the Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emissions allowance trading, with the aim of modernizing the electric power generation, notified by Romania, in case the Works Contract No. 13384/ October 31, 2016 fails to be completed in due time, or established legal deadlines will be exceeded;
- Risk that the European Forums may impose financial sanctions upon Romania, under the form of increased premiums for additional carbon dioxide emissions.

Therefore, it is found necessary to support the company's own legal department by a law firm having experience in civil law, tax law and public procurement, so that the company's interests to be protected as well as promoted with the highest level of professionalism, as regards implementing the CTE Iernut investment, bearing in mind its size and importance for the National Energy System.

The legal advisory, assistance and/or representation services are necessary to protect the company's interests in implementing this project, bearing in mind there are indications of a potential breach of the contractual provisions by the consortium.

Subject to approval of purchasing such services, selection of the legal advisory firms should be made by taking into account, and complying with the following principles underlying sector specific procurements:

- a) Non-discrimination;
- b) Equal treatment;
- c) Mutual recognition;
- d) Transparency;
- e) Proportionality;
- f) Assumption of responsibility.

Therefore, bearing in mind the necessity and usefulness of procuring such legal advisory, assistance and/or representation services for SNGN Romgaz SA, we hereby request the approval to purchase such services, subject to the conditions and limits described above.

Resolution proposal:

1. The General Meeting of Shareholders approves the procurement of external legal advisory, assistance and/or representation services for SNGN ROMGAZ for a potential litigation with the consortium DuroFelguera – Romelectro.

CEO  
Constantin-Adrian VOLONTIRU

Legal Department Director

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