



BOARD EVALUATION POLICY

S.N.G.N. ROMGAZ S.A.



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ROMGAZ



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Chapter 1. Preamble

For compliance with the requirements of Bucharest Stock Exchange (BVB) Corporate Governance Code and GEO 109/2011 Romgaz decided to adopt and publish a Board Evaluation Policy.

This Policy sets a series of guidelines for evaluating the Board of Directors – the scope, method and frequency, evaluation criteria.

This Policy is supplemented by any other incident legal provisions and by applicable internal rules.

Chapter 2. Definitions

In this Policy, the terms and expressions below will have the following meaning:

- a) „**Articles of Incorporation**” – Romgaz¹ Articles of Incorporation;
- b) „**director**” – member of Romgaz Board of Directors;
- c) „**Board**” – Romgaz Board of Directors;
- d) „**GD 722/2016**” – Decision no. 722 of September 23, 2016 for approving the Enforcement Guidelines of Government Emergency Ordinance 109/2011 on corporate governance of public enterprises;
- e) „**Company’s webpage**” – www.romgaz.ro;
- f) „**provision/legal regulation**” – any assembly of applicable legal norms provided by the relevant legislation published in the Official Gazette of Romania Part I;
- g) „**internal rules**” – any rule provided by a document approved by Romgaz corporate management body;
- h) „**Romgaz**” or „**the Company**” - Societatea Națională de Gaze Naturale ROMGAZ SA;
- i) „**Secretary of the Board of Directors**” – employee of GMS and BoD Secretariat Office appointed by the Board of Directors as Board Secretary (Romgaz organisational unit with attributions related to taking all measures to organize the GMS meetings, Board meetings and Advisory Committee meetings).

Chapter 3. Scope of the Board Evaluation

The Board of Directors has to evaluate constantly the balance between the competences, to review its activity, to identify aspects that have to be improved and to increase efficiency.

The scope of the evaluation is to allow the Board to identify strengths, the potential for collective and individual development to efficiently fulfil the Board’s responsibilities.

Chapter 4. Method for Evaluating the Board of Directors

Romgaz opted for the internal self-evaluation of the Board choosing from the evaluation methods provided by GD 722/2016.

Therefore, the self-evaluation of the Board’s performance and efficiency is performed annually within the Company. The evaluation tangentially implies the activity of the Board’s Advisory Committees.

¹ Published on the company’s webpage at Investor Relations/Corporate Governance

The self-evaluation procedure is coordinated by the Chairman of the Board of Directors, involving also the Board Secretary.

The self-evaluation will result in identifying the measures necessary for improving the Board's and the Committees' activity.

The Board of Directors may refer to an external and independent professional expert to perform the directors' evaluation.

Moreover, the directors' activity evaluation may be performed annually by the GMS, as the case may be, with the support of experts and refers to the performance of the contract of mandate and the governing plan.

Chapter 5. Self-Evaluation Criteria of the Board of Directors

The Board evaluation process is based on a questionnaire adapted after "Unlocking your board's full potential: Board Evaluation Questionnaire"², elaborated by the National Audit Office of Great Britain, ICAEW – Institute of Chartered Accountants of England and Wales and Mazars LLP.

The questionnaire includes several sections: (i) Objectives, Strategy and Competences; (ii) Performance Measurement; (iii) Relationship with Stakeholders; (iv) Property, Fraud and other Leakage; (v) Project Management; (vi) Risk Management; (vii) Board Activity; (viii) Advisory Committee Activity and (ix) Action Plan.

For the evaluation, each Board member fills in the questionnaire. The Secretary of the Board centralises the questionnaires and the results of the evaluation to eliminate the possible subjectivity.

Subsequently, the results are presented in the Nomination and Remuneration Committee and thereafter in the Board meeting, drafting an Action Plan that will be monitored by the Committee to ensure fulfilment.

Chapter 6. Reports related to the Board Evaluation

The information on the board assessment will be reported in the Directors' Annual Report that includes the Statement on Corporate Governance. The statement will mention if the Board was evaluated, and if affirmative, it will state the main measures to be included in the action plan for improving performance and efficiency.

Chapter 7. Final Dispositions

This Policy was issued by SNGN Romgaz SA Board of Directors on March 12, 2019. The policy may be reviewed and/or updated whenever necessary, by complying with legal regulations. In case of conflict between this Policy and any laws or national regulations, the latter will prevail.

² available at: <https://www.nao.org.uk/report/board-evaluation-questionnaire>