

POLICY REGARDING FORECASTS

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Chapter 1. Preamble

Forecasts represent a set of quantified conclusions of certain studies on the global impact of several factors on a future period.

In order to comply with the provisions of Bucharest Stock Exchange Code of Corporate Governance, Romgaz decided to adopt a policy regarding forecasts to be made public.

The scope of this Policy regarding Forecasts consists in establishing a formal framework used by the Company in order to project the indicators in the long and short term. The document contains elements regarding frequency, the period considered and the content of the forecast performed within the company.

Chapter 2. Definitions of Terms and Expressions

For the purposes of this Policy, the below mentioned terms and expressions shall have the following meanings:

- a) **“Articles of Incorporation”** – Articles of Incorporation of Romgaz¹;
- b) **“GMS”** – The General Meeting of Shareholders
- c) **“BVB”** – Bucharest Stock Exchange
- d) **“OMFP No. 2844/2016”** – Order No. 2844/2016 on approval of accounting regulations compliant with the International Financial Reporting Standards;
- e) **“corporate governing body”** - GMS, the Board of Directors, the director/directors of the Company;
- f) **“the Company’s website”** – www.romgaz.ro;
- g) **“legal provision/regulation”** – any set of legal rules applicable in the field provided by a law published in the Official Gazette of Romania – Part I – a;
- h) **“CNVM Regulation No. 1/2006”** – CNVM Regulation No. 1/2006 on issuers of and operations with securities, as amended;
- i) **“Romgaz”** or **“the Company”** - Societatea Națională de Gaze Naturale ROMGAZ SA;

Chapter 3. Forecasting Elements

According to the provisions of the Articles of Incorporation, the approval of the Company’s strategic objectives, the approval of the Governing Plan, as well as the approval of the income and expenditure budget fall within the competence of the GMS, whereas the establishment of the main activity and development directions of the Company fall within the competence of the Board of Directors.

Romgaz operates on the basis of a medium term (4 years) business plan taking into account and being correlated with the Governing Plan of the GMS. The latest business plan was prepared for 2013 – 2017.

The business plan is updated once a year upon approval of the income and expenditure budget.

¹ As published on the Company’s website at Investors’ Relation/Corporate Governance Section

In accordance with the provisions of the business plan developed within the company, the Company prepares the annual income and expenditure budget that is submitted to the Board of Directors' endorsement and to the GMS' approval as according to the legal provisions.

The annual income and expenditure budget substantiates the level of the indicators according to the legal provisions applicable for the respective financial year and it is accompanied by a forecast of the indicators for the subsequent 2 (two) years.

The draft budget (income and expenditures), as well as aspects regarding the priority directions of the investment program for the current year are published on the Company's website, within the documents related to the GMS' meeting where the draft budget is submitted for approval.

The other substantiation annexes of the income and expenditure budget² are not published, but they can be consulted by the Company's shareholders both in English and Romanian at Romgaz headquarters. Also, the Company's shareholders may address questions in writing, both in Romanian and in English, regarding the items of the GMS' Agenda and, implicitly, of the income and expenditure budget, whenever it is included in the Agenda of the GMS.

The forecast of indicators for the next two (2) years following the year the annual income and expenditure budget was prepared for is updated in accordance with the law in force upon elaborating the budgets related to these years.

These projections or estimations regarding the Company's activity shall subscribe the objectives and strategy established by the Board of Directors and shall rely on the most recent variables available on macro, sectorial and company level.

Here are a few examples of such variables, highly important for the Company:

- Macro-economic variables (consumer price indices, inflation);
- Objectives, strategies, policies and governmental programs for the energy system;
- Natural Gas delivery price;
- Consumption of natural gas and electricity estimated on national level;
- Fiscal regulations (general or specific in the energy field) which have a significant impact on the Company's performance.

Furthermore, the executive management monthly monitors the performance of the budget for the current year, for the purpose of analysing the actual performance as compared to the current year budget and, implicitly, assessing achievement of objectives, but also initiating actions, if negative deviations occur.

During this monitoring process, the Company takes into account the financial statements recorded from the beginning of the financial year as well as the forecasts for the rest of the year. The results of this process are strictly for internal use of the Board of Directors' management.

In case of any modifications with a significant impact on the forecast results, the new assumptions shall be made public in the Company's reports.

² These annexes are: Annex 2 Specification of economic-financial indicators as provided in the income and expenditure budget and their quarterly allocation; Annex 3 Degree of total income achievement; Annex 4 Investment, equipment and financing sources Program and Annex 5 Improvement measures of gross result and reduction of outstanding payments

Moreover, in case the Company has reasons justified by a series of objective factors which affect the level of certain approved economic-financial indicators, the Company may proceed to rectify the income and expenditure budget, according to the applicable legal provisions.

Chapter 4. Anticipatory Statements regarding Forecasts

Romgaz may disclose to the public the anticipatory statements related to periodical forecasts by publishing certain multi-annual development strategies.

“The 2015 – 2025 Development Strategy”, published on the Company’s webpage³ is an anticipatory statement of the Company presenting the Company’s development directions focused on the main activities for the achievement of indicators and performance criteria.

The document contains information which can be influenced by the financial evolution of the business environment and by the amendments of relevant legislation; accordingly, this document represents an estimation of the Company’s progress as of elaboration date, based on the substantiation conditions and data taken into account when estimating the indicators and based on the compiled data received from all the speciality departments of the Company. The document does not contain quantifications of the elements regarding future performances.

The Company may also make various anticipatory statements during events dedicated to investors and analysts, the related materials being published on the Company’s webpage.

Chapter 5. Including Forecasts in the Annual Report of the Company

If the Policy regarding Forecasts is published distinctly on the Company’s webpage, the forecasts shall be published as such strictly by including them in the annual report.

In accordance with the applicable accounting regulations (OMFP No. 2844/2016), the Annual Report of the Board of Directors also offers information regarding the Company’s foreseeable development.

Furthermore, in accordance with the applicable law of the listed companies⁴, the annual report should also contain perspective elements regarding the company’s activity, such as: (i) tendencies, elements, events and uncertainty factors which affect or may affect the company’s liquidity; (ii) effects of capital expenditures, current or anticipated, on the company’s financial situation and (iii) events, transactions, economic changes which significantly affect the income of the main activity.

Chapter 6. Final Provisions

This Policy was prepared by Romgaz Board of Directors on March 23, 2017.

The Policy regarding Forecasts may be revised and/or updated as many times as necessary, by compliance with the applicable legal regulations or in case of new regulations or mandatory legal provisions regarding the scope of the policy.

³ Profile/Programs and Strategies Section

⁴ CNVM Regulation No. 1/2006, Annex 32 Model of Annual Report