

No. 12214/April 4, 2019

**Request for Approval
of the
Proposal to Approve the maximum limits of Romgaz Managers and/or Executive
Directors Remuneration**

Appointment of Board Members and of Managers

Following the implementation of selection procedures as regulated by *GEO no. 109/2011 regarding the corporate governance of public enterprises*, as amended from time to time, the following Board members and company's managers were appointed:

- *Board members:* further to exercising the cumulative vote, according to Resolution no. 8/July 6, 2018, the company's shareholders appointed the following persons as Board members for a 4-year term: Nistoran Dorin Liviu, Volintiru Adrian Constantin, Ungur Ramona, Grigorescu Remus, Ciobanu Romeo Cristian, Jude Aristotel Marius, Jansen Petrus Antonius Maria;
- *Company's managers:*
 - *CEO:* according to Board Resolution no. 45/October 1, 2018, the company's Board of Directors appointed Mr. Volintiru Adrian Constantin as the company's CEO for a 4-year term;
 - *CFO:* according to Board Resolution no. 39/August 28, 2018, the company's Board of Directors appointed Mr. Andrei Bobar as the company's CFO for a determined time period, August 28, 2018-November 2, 2021.

Drafting and Approval of the Governance Plan (GP)

The governance plan is a working instrument of the Board members and of the managers materialised as a document drafted with the scope of establishing the roadmap of a public enterprise during their mandate term. The Governance Plan has two components: governance component, drafted by the Board members, and management component, drafted by the managers.

The Board of Directors drafted a proposal for the governance component of the Governance Plan, according to EGO no. 109/2011, art. 30, par. (1).

The company's managers drafted and presented to the Board a proposal for the management component of the Governance Plan with the scope of achieving financial and non-financial performance indicators.

The Board of Directors approved the Governance Plan for the period 2018 – 2022, in its entirety, and negotiated the financial and nonfinancial performance indicators with public supervising body.

Establishing the remuneration of Board Members and Managers

According to art. 153¹⁸ of the Company Law no. 31/1990, as amended from time to time, the remuneration of Board members is established by the General Meeting of Shareholders and the remuneration of managers in the one tier system is established by the Board of Directors, subject to the limits set by the General Meeting of Shareholders.

The remuneration of Board members and of the managers comprises a fixed monthly indemnity and a variable component, according to art. 37 and 38 of GEO no. 109/2011.

The *fixed fee* for the non-executive Board members cannot exceed two times the average for the past 12 months of the monthly gross average wage for the activity performed in accordance with the company's scope of activity at wage class level according to the national classification of economic activities communicated by the National Institute for Statistics prior to the appointment. For the executive Board members the fixed indemnity cannot exceed six times the average previously indicated.

The fixed fee for the Board members was established by the General Meeting of Shareholders Resolution no. 8 of July 6th, 2018.

The *variable component* is established based on financial and non-financial performance indicators negotiated and approved by the General Meeting of Shareholders.

The amount of the variable component of nonexecutive Board Members cannot exceed maximum 12 monthly fixed fees.

The variable component of the managers' remuneration consists of a participation to the company's net profit, granting of shares, stock-options or an equivalent scheme, pension scheme or another form of remuneration based on performance indicators. The managers' remuneration variable component total is established by the Board of Directors, subject to the limits set by the General Meeting of Shareholders.

In November 2018, at Romgaz request, Transearch International SRL drafted a "*Comparative Study for the Establishment of the Variable Component of the Remuneration for the Non-Executive Members of the Board, CEO and CFO of SNGN Romgaz S.A.*" with the scope of providing to the decision factors a solid basis for "*the substantiation of the remuneration offered to SNGN Romgaz S.A. Board members, CEO and CFO so that it is equitable and in line with their positions, competencies and responsibilities*".



The study showed that the annual average values of the total remunerations' given by the companies included in the study are:

- For the non-executive members of the Board: **EUR 90 thousand**;
- For the CEO: **EUR 1,172.2 thousand**; and
- For the CFO: **EUR 669.7 thousand**.

The recommendations issued by the specialised consultant Transearch International SRL are the following:

- "the maximum gross annual variable remuneration for **non-executive Romgaz Board members** is to be determined as difference between EUR 90 thousand and the fixed gross annual remuneration set by the General Meeting of Shareholders in compliance with the legal applicable provisions";
- "the maximum gross annual variable remuneration for **Romgaz CEO** is to be determined as difference between EUR 1,172.2 thousand and the fixed gross annual remuneration set by the General Meeting of Shareholders in compliance with the legal applicable provisions";
- "the maximum gross annual variable remuneration for **Romgaz CFO** is to be determined as difference between EUR 669.7 thousand and the fixed gross annual remuneration set by the General Meeting of Shareholders in compliance with the legal applicable provisions".

According to GEO No. 109/2011, as amended subsequently:

- a) For companies managed according to one tier system, the Board of Directors appoints one or more company managers, appointing one of them as CEO;
- b) The managers can be appointed from non-board members or from the members of the board of directors, which become executive directors after the appointment;
- c) The managers remuneration is established by the board of directors and cannot exceed the level of the remuneration established for the executive members of the board of directors; this is the only remuneration form for the managers that are also directors.

By Resolution No. 45 of October 1, 2018 the Board of Directors appointed Mr. Adrian Constantin Volintiru as CEO of the company for a 4 years mandate; Mr. Adrian Constantin Volintiru is also director of the company.

The variable component of managers will be granted starting with the date of the Board of Directors approval of the amendment regulating the variable component granting until the termination of the mandate contract. The remuneration variable component will be granted pro-rata with the worked period during the year based on the mandate contract.

In accordance with the provisions of Company Law no. 31/1990 Article 153¹⁸ corroborated with the company's Articles of Incorporation Article 12, par. (4), letter d) and GEO no. 109/2011 Articles 37 and 38, and taking into account the results of the comparative study performed by Transearch International SRL and its recommendations, we submit for analysis and approval the following:

1. **for the CEO and/or executive directors, the fixed monthlyfee of maximum 6 times the average of the past 12 months of the monthly gross average wage for the activity performed in accordance with the company's scope of activity, at wage class level according to the national classification of economic activities communicated by the National Institute for Statistics prior to the appointment;**



2. for the CFO, the fixed monthly fee of maximum 6 times the average of the past 12 month of the monthly gross average wage for the activity performed in accordance with the company's scope of activity, at wage class level according to the national classification of economic activities communicated by the National Institute for Statistics prior to the appointment;
3. for the CEO and/or executive directors, the annual variable component of maximum 2 fixed annual gross fee established for the CEO and/or the executive directors.
4. for the CFO, the annual variable component of maximum 1.3 times the fixed annual gross fee established for the CFO.

**Chairman of the Board,
Nistoran Dorin Liviu**

