

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

**TERMS OF REFERENCE FOR THE STRATEGY COMMITTEE**



March, 2017

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## Preamble

The Strategy Committee assists the Board of Directors in fulfilling its responsibilities when preparing and updating the general development strategy of the Company.

The Terms of Reference of the Strategy Committee presents the structure, activities and responsibilities, the rights and duties of committee members, aiming to ensure the committee's transparent and efficient functioning.

The present Terms of Reference of the Strategy Committee is supplemented by: (i) legal provisions applicable to the corporate governance of public enterprises, (ii) the Articles of Incorporation, (iii) the Code of Corporate Governance of BSE, and (iv) provisions of other internal regulations approved by the corporate bodies of Romgaz.

## Article 1 Definition of Terms/Expressions

Hereinafter, the following terms and expressions shall have the following meanings:

- a) **“Articles of Incorporation”** – Articles of Incorporation of S.N.G.N. Romgaz S.A.<sup>1</sup>;
- b) **“Director”** – means member of the Board;
- c) **“Executive Director”** – means the person who is at the same time both director and manager of the Company;
- d) **“Non-executive Director”** – the person who is the manager, but who is not at the same time, the director of the company;
- e) **“GMS”** – the General Meeting of Shareholders;
- f) **“EGMS”** – the Extraordinary General Meeting of Shareholders;
- g) **“OGMS”** – the Ordinary General Meeting of Shareholders;
- h) **“BSE”** – Bucharest Stock Exchange;
- i) **“Compartment”** - generic name for division, directorate, department, office or any other organizational structure within Romgaz;
- j) **“Executive Management”**- the director/directors delegated by the Board of Directors to manage the company.
- k) **“Board”** – the Board of Directors of S.N.G.N. Romgaz S.A.;
- l) **„Manager”** –the person who has been delegated by the Board of Directors<sup>2</sup> to manage the company and has concluded a Mandate Contract.
- m) **“Executive Manager”** – the person who has been delegated the management of one or more organizational entities (branch, division, department, directorate, office, etc.) by the Company manager/managers and who signed an employment contract with the Company; The term "director" includes the Director General, but it does not include the executive manager/managers;
- n) **“Corporate Management Body”** – the General Meeting of Shareholders, the Board of Directors, or the Company's manager/managers;
- o) **“GEO 109/2011”** – Government Emergency Ordinance No.109/2011 on public companies corporate governance, as amended and supplemented;
- p) **“The Company's website”** – [www.romgaz.ro](http://www.romgaz.ro);
- q) **“Chairman”** – the Chairman of Romgaz Board of Directors;
- r) **“Legal provision/regulation”** – any rule provided by a normative act published in the Official Journal of Romania – Part I - a;

<sup>1</sup> Published on the company website at section: Investor Relations/Corporate Governance

<sup>2</sup> In accordance with Article 143 of Law no. 31/1990, the Company Law, republished, as amended and supplemented;

- s) **“Internal regulation”** - any rule provided by an act approved by a corporate management body of S.N.G.N. Romgaz S.A.;
- t) **“GMS and BD secretariat”** - organizational unit in Romgaz, having the status of a compartment, with attributions regarding the necessary formalities for organizing the General Meetings of Shareholders, the Board of Directors and the Advisory Committees meetings;
- u) **„Secretary of the Committee”** – person employed within GMS and BD Secretariat and approved by the Board of Directors as Secretary of the Strategy Committee;
- v) **“S.N.G.N. Romgaz S.A.”** or **“the Company”** - Societatea Națională de Gaze Naturale ROMGAZ S.A.;

## Article 2 Objective of the Committee

- (1) The objective of the Strategy Committee is:
  - a) to coordinate the preparation/updating and monitoring of the company’s development strategies, correlated with the national and European energy strategy;
  - b) to analyse periodically the state of the implementation of these development strategies as well as the measures required to achieve the established objectives;
  - c) to monitor the diversity projects of the company’s activity by accomplishing some investment objectives;

## Article 3 Composition of the Committee

- (1) The Strategy Committee shall consist of five (5) members of the Board of Directors. The current composition of the Strategy Committee is published on the Company's website<sup>3</sup>.
- (2) Since the Committee is not regulated by law in terms of its composition, it will make sure that at the time of its establishment (as a whole), the Strategy Committee should have a mix of skills to match responsibilities falling within its jurisdiction. These skills may include experience in relevant industry, understanding the Company's scope of business, knowledge regarding investment, etc.
- (3) The Board of Directors shall appoint the Strategy Committee members and one member shall be appointed the Chairman of the Strategy Committee.
- (4) The Chairman of the Strategy Committee shall run the meetings and represent the Committee in relation with the Board of Directors.
- (5) The membership in the advisory committees terminates by revocation, resignation or by termination of the director’s mandate.
- (6) In case of termination of membership or Chairman of the Committee, the Board of Directors shall appoint another director to occupy the vacant position.
- (7) Throughout their mandate, the members of the Strategy Committee shall not hold any positions, qualities and shall not perform any transactions which could be considered incompatible with the Strategy Committee mission.
- (8) The membership of the Strategy Committee shall not impede its members to participate in the activity of other Committees of the Board of Directors.

<sup>3</sup> Section Investor Relations/Corporate Governace/Board of Directors

## Article 4 Competences

(1) The Strategy Committee has the following main responsibilities:

a) In the strategic direction:

- a.1) To assist the Board in fulfilling its responsibilities in developing and updating the overall development strategy of the Company;
- a.2) To analyze and to provide assistance for the Board of Directors regarding the development and international cooperation directions of the Company;
- a.3) To analyze and to endorse the medium and long term development strategy of the company, including the quantifiable strategic objectives (KPIs);
- a.4) To endorse the annual and medium term plan (3 years) of implementation of the strategy prepared by the executive management;
- a.5) To monitor the implementation of the strategic objectives based on the agreed indicators (KPIs)
- a.6) To analyze the proposals prepared by the executive management regarding the investment plan, related to the strategic proposals, in order to include it in the income and expenditure projection and to make recommendations;
- a.7) To endorse the investment plan related to the strategic proposals, including the implementation of the strategic objectives;
- a.8) To analyze the opportunities identified by the executive management on business development and to issue recommendations for the Board of Directors regarding these opportunities;
- a.9) To prepare proposals for improving and streamlining business strategic development and cooperation;
- a.10) To prepare, to revise periodically and to submit to the Board of Directors:
  - the Dividend Policy;
  - the Policy regarding Forecasts.

Both documents are published on the company's website<sup>4</sup>.

b) Other Duties and Responsibilities:

- b.1) To revise its annual performance and terms of reference, to ensure the development of the activity with maximum efficiency. Following this evaluation, the Strategy Committee shall submit to the Board of Directors for approval any modifications considered as necessary;
- b.2) To submit to the Board of Directors quarterly activity reports;
- b.3) To prepare an activity plan for the next year which shall be submitted to the Board for approval at the end of every calendar year.

## Article 5 Meetings of the Committee

- (1) The Strategy Committee shall meet periodically, at least twice (2) a year, as well as exceptionally, if applicable.
- (2) The Strategy Committee members shall have the obligation to be present and to participate, actively, in the meetings.

<sup>4</sup> Section Investor Relations/Corporate Governance

## Article 6 Convening Meetings

- (1) The Strategy Committee meetings shall be convened by the Chairman of the Strategy Committee: (i) ex-officio or (ii) upon request of at least two (2) members of the Committee.
- (2) The Strategy Committee can meet either by physical participation of the members at the Company's registered office or in another location appointed in the convening notice, or by teleconference, videoconference, if the Chairman of the Strategy Committee decides so. If the meetings are held by teleconference, the procedural elements included in the Terms of Reference for the Board of Directors shall be respected.
- (3) The Strategy Committee meetings shall be organised before the Board of Directors' meeting scheduled for the current month, to allow the preparation of the Board of Directors' reports in due time.
- (4) The Chairman of the Strategy Committee can request the Committee to adopt decisions regarding certain documents by exchanging e-mails, documents sent by fax or letters. A written decision, signed or approved by letter, e-mail, telegram or fax by all members of the Committee shall be valid and shall produce the same effects as a decision taken in a Committee meeting.
- (5) The Convener of each Strategy Committee meetings shall indicate, at least: (i) location of the meeting, indicating the address or how to communicate when the meeting is held by teleconference or videoconference and (ii) the date when the meeting takes place, the time when it starts (iii) the items on the agenda.
- (6) The agenda of each meeting shall be sent to all members of the Strategy Committee and to any other person whose participation is necessary, at least five working days before the meeting date. At the same time, information materials shall be provided to the Strategy Committee members and to other participants, if needed. The documents can be sent by e-mail.
- (7) The Strategy Committee can invite any director, executive director or any other person (employee, associate etc.) to participate in the meeting, who can contribute to the achievement of his duties, if he considers it necessary.

## Article 7 Conduct of Meetings

- (1) The Strategy Committee meetings will be chaired by the Chairman of the Committee.
- (2) At least half members of the Committee (including the Chairman of the Committee) shall constitute the necessary quorum for meetings. A member participation in a meeting through video or audio means shall be considered as valid for the purpose of quorum.
- (3) Every member of the Strategy Committee shall have the right to express personally or through a representative, by one vote, about a decision of the committee. In case of a tie, the vote of the Strategy Committee Chairman shall be decisive.
- (4) The direct vote may be casted by correspondence or by electronic means, as determined by the Board of Directors decisions.

- (5) Other items regarding casting the vote, included in the Terms of Reference of the Board of Directors, also, shall apply to the Strategy Committee meetings.
- (6) To be valid, the decisions of the Advisory Committee shall respect the following conditions, cumulatively: (i) the decision must be taken in the presence of the majority of the Committee members and (ii) The decision must be taken with the majority of votes cast.
- (7) In case the Chairman of the committee cannot exercise his competences, he can authorize another person to exercise his competences, including the voting right, based on a special mandate.

### **Article 8 Minutes and Resolution**

- (1) At the end of every Strategy Committee meeting a Minutes of Meeting shall be prepared, including: (i) the place and time of the meeting, (ii) the name and surname of the members that are present, (iii) the decisions that were taken, (iv) the number of votes for each decision, and, (v) upon request, separate opinions.
- (2) The Minutes of Meeting shall be signed by all members who attended the meeting, including the Chairman of the Strategy Committee.
- (3) Based on the Minutes of Meeting a Note of the Strategy Committee shall be issued, including all the decisions taken during every meeting, in part. The note is signed by the Chairman of the Strategy Committee and submitted to the Board of Directors.
- (4) For every Strategy Committee, a meeting file shall be prepared, including: (i) the documents related to the convening of the meeting, (ii) the materials presented during the meeting to sustain the items on the agenda, (iii) the Note of the Strategy Committee, (iv) the power of attorney on which to exercise proxy voting, (v) the letters by which to cast their vote by correspondence (vi) copies certified by the Secretary of the Strategy Committee, on the voting ballots for the vote by electronic means.

### **Article 9 Secretariat**

- (1) In addition to the Board of Directors, operates GMS and BD Secretariat, consisting of the Company's employees with implication in the formalities that are necessary for the relation with shareholders and directors, including the organization of GMS meetings, the Board of Directors and Advisory Committees meetings.
- (2) The Strategy Committee secretary shall be appointed by the Chairman of the Board of Directors.
- (3) The Committee secretary will prepare the minutes of meetings, the decisions adopted and will assist the Committee in carrying out its activities.

### **Article 10 Final provisions**

- (1) The present Terms of Reference of the Strategy Committee was approved by the Board of Directors on March 23, 2017.
- (2) After its entry into force and after its approval, this document shall be revised, at least once in a calendar year in the last quarter and whenever necessary.
- (3) In case of conflict between this Terms of Reference and any other national laws and regulations, the latter shall prevail.
- (4) The following Annexes are part of this Terms of Reference: Annex 1 Monitoring and Evaluation Model Report of the Strategy Committee Activity and Annex 2. Action Plan, Calendar for the Implementation of Recommendations, Pursuit of Recommendations Model.

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## ANNEX 1– Monitoring and Evaluation Model Report of the Strategy Committee Activity

### MONITORING AND EVALUATION MODEL REPORT OF THE STRATEGY COMMITTEE ACTIVITY

No. \_\_\_\_\_ / Date

#### Composition of the Strategy Committee

1. ...., Chairman
2. ...., Member
3. ...., Member
4. ...., Member
5. ...., Member

#### Performed Activity

##### 1. Consultations

Include the discussions and working meetings with the executive management of the Company, if applicable; the functional departments within the Company shall be mentioned, with whom discussions were held.

##### 2. Analyses

The following are indicated: analysed issue, related materials used in the analysis.

##### 3. Performed works

The following are indicated: the title of the performed works: notes, letters, reports, studies etc.

##### 4. Proposals, actions, recommendations

Making proposals, actions, recommendations based on consultations, analyses and performed works.

They are materialized in the working forms: Action Plan, Calendar for the Implementation of Recommendations (Annex 2).

##### 5. Distribution List

The following are included: persons, compartments, executive bodies towards which the Strategy Committee Reports are directed, in full or in part (actions, recommendations, proposals, only).

#### The Strategy Committee (signatures)

1. ...., Chairman
2. ...., Member
3. ...., Member
4. ...., Member
5. ...., Member

**ANNEX 2 – Calendar and Status of the Implementation of Recommendations**

**CALENDAR FOR THE IMPLEMENTATION OF RECOMMENDATIONS**  
stated by the Strategy Committee

No.	Meeting Date	Recommendation	Scheduled Date	Responsible for implementation

**STATUS OF THE IMPLEMENTATION OF RECOMMENDATION**  
on .....

No	Meeting Date	Recommendation	Responsible for implementation	Status of implementation on .....			
				Implemented	Date of implementation	Partially implemented	Unimplemented

**Secretary,**