

**S.N.G.N. ROMGAZ S.A.**  
**NOMINATION AND REMUNERATION COMMITTEE**  
**INTERNAL RULES**



August 2022

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## Chapter 1. Preamble

The Nomination and Remuneration Committee assists the Board of Directors in carrying out its duties regarding its composition and structure, selection of directors and remuneration of directors and managers.

The Internal Rules of the Nomination and Remuneration Committee provides the structure, activities and duties, the rights and obligations of its members aiming at ensuring transparency and efficiency of its functioning.

This Internal Rules of the Nomination and Remuneration Committee is supplemented by: (i) the applicable legal provisions concerning corporate governance of public enterprises, (ii) the provisions of the Articles of Incorporation, (iii) the provisions of the Code of Corporate Governance of BVB, as well as by (iv) the provisions of other internal rules approved by Romgaz corporate bodies.

## Chapter 2. Definition of terms and expressions

For the purpose of this Internal Rules of the Nomination and Remuneration Committee, the following terms and expressions shall have the following meanings:

- a) **“articles of incorporation”** – Romgaz Articles of Incorporation<sup>1</sup>;
- b) **“director”** – member of Romgaz Board of Directors;
- c) **“executive director”** – a person who is both director and manager of the Company;
- d) **“non-executive director”** – a person who is director but who is not, in the same time, a manager of the Company;
- e) **“GMS”** – General Meeting of Shareholders;
- f) **“BVB”** – Bucharest Stock Exchange
- g) **“department”** – general name for department, division, office or any other organizational structure within Romgaz;
- h) **“executive management”** – manager/managers to whom the Board of Directors delegated the management of the Company.
- i) **“Board”** – Romgaz Board of Directors;
- j) **“Committee”** or **“NRC”** – the Nomination and Remuneration Committee;
- k) **„manager”** – a person to whom the Board of Directors<sup>2</sup> delegated the management of the Company and who concluded a mandate contract with the Company. The term „manager” includes the CEO but does not include the executive managers;
- l) **“Law 31/1990”** – Law 31/1990 on commercial companies as subsequently amended and supplemented;
- m) **“corporate management body”** – GMS, Board of Directors, manager/managers of the Company;
- n) **“GEO 109/2011”** – Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises as subsequently amended and supplemented, approved by Law 111/2016;
- o) **“Company website”** – www.romgaz.ro;
- p) **“Chairman”** – Chairman of Romgaz Board of Directors;
- q) **„legal provision/regulation”** – any applicable set of legal rules provided in a regulatory act published in the Official Journal of Romania – Part I – a;

<sup>1</sup> Published on company’s website under Investors/Corporate Governance/Reference Documents

<sup>2</sup> Pursuant to the provisions of Article 143 of Company Law no. 31/1990, republished, as subsequently amended and supplemented

- r) **“internal regulation”** – any rule provided in a document approved by a corporate management body of Romgaz;
- s) **“GMS and BoD Secretariat”** – organizational unit within Romgaz, with the status of department, which has duties concerning carrying out the necessary formalities for organizing the GMSs, BoD and advisory committees meetings;
- t) **„Secretary of the Committee”** – a person employed within the GMS and BoD Secretariat and appointed by the Board of Directors as Secretary of the Committee;
- u) **“Romgaz” or “the Company”** - Societatea Națională de Gaze Naturale ROMGAZ SA;

### Chapter 3. Purpose of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is provided by the legislation in force (Law 31/1990, art. 140<sup>2</sup> and GEO 109/2011, art. 34) and is a requirement for companies listed on the BVB.

The main purpose of the Nomination and Remuneration Committee is:

- a) to set the procedures for selecting the candidates for director and manager positions;
- b) to make proposals for director positions;
- c) to involve in the process of selecting and recruiting managers, including making proposals on their remuneration.

### Chapter 4. Composition of the Nomination and Remuneration Committee

The Committee shall consist of an uneven number of members of the Board of Directors.

The composition of the Nomination and Remuneration Committee shall be published on Company's website<sup>3</sup>.

The composition of the Committee shall meet the following criteria/conditions:

- a.1. All members shall be non-executive directors;
- a.2. The majority of the members shall be independent directors;
- a.3. The chairman of the Committee shall be an independent non-executive director;
- a.4. The chairman of the Board shall be a member of the Committee;
- a.5. The Committee, as a whole, shall have a mix of skills, competences and knowledge that correspond to the duties within the competence of the Committee.

Taking into consideration the above mentioned criteria, the Board of Directors shall appoint the members of the Nomination and Remuneration Committee of whom one shall be appointed as Chairman of the Committee.

The Chairman of the NRC shall run the meetings of the Committee and shall represent the Committee in relation to the Board of Directors and other persons.

The membership in the Nomination and Remuneration Committee terminates by dismissal, resignation or by termination of the director's mandate.

<sup>3</sup> Investors/Corporate Governance/Board of Directors

In case of termination of the membership or chairmanship of the Nomination and Remuneration Committee, the Board of Directors shall appoint another director to occupy the vacancy.

During the mandate, the members of the Nomination and Remuneration Committee shall not hold other positions, capacities and shall not perform transactions that might be considered inconsistent with the mission of the Nomination and Remuneration Committee.

The membership in the Nomination and Remuneration Committee shall not preclude the members from participating in the activity of other Committees of the Board of Directors.

## **Chapter 5. Competences of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee has the following main duties:

a) Related to coordinating the nomination activity:

Depending on the authority appointed by the General Meeting of Shareholders to organize the selection procedure of directors (public authority or Board of Directors), the Board shall coordinate the procedure or shall only assist the public authority during the process at times prescribed by the legislation.

Thus, the Committee:

- a.1. shall assist the Board of Directors to establish the principles for the selection of candidates for the position of director;
- a.2. shall elaborate/contribute to the elaboration of the selection plan, including the terms of reference for the independent expert, the profile and the matrix of the Board, the selection criteria of candidates for the position of director (based on the Letter of Expectation);
- a.3. shall carry out the final evaluation of the selected candidates on the short list and shall prepare the report for the final appointments making proposal to the Board.

The Committee has an important role in the selection of managers whose appointment falls under the responsibility of the Board of Directors.

Thus, the Committee:

- a.4. shall establish and submit for the approval of the Board the selection procedure of the managers;
- a.5. shall elaborate the terms of reference for the independent expert;
- a.6. shall establish the selection criteria for the managers;
- a.7. shall coordinate the selection process and shall elaborate the specific documents required by the applicable legislation in conjunction with the independent expert;
- a.8. shall carry out the final evaluation of the candidates for the position of manager in order to appoint and conclude the contract of mandate.

b) Related to coordinating the remuneration activity:

- b.1. shall formulate proposals to the GMS regarding the level of the remuneration of directors;
- b.2. shall formulate proposals on the remuneration of managers within the general limits set by the GMS and the law;
- b.3. shall elaborate a Policy on the remuneration of directors and managers and submits it for endorsement to the Board of Directors, and for approval to the GMS;

- b.4. shall submit the Policy on the Remuneration of Directors and Managers to the Board of Directors for endorsement and to the General Meeting of Shareholders for approval whenever a significant change is made and, in any event, at least once every 4 years;
- b.5. shall elaborate an annual report on the remuneration and other benefits granted to directors and managers which shall be presented during the GSM approving the annual financial statements;
- c) Related to coordinating the evaluation activity:
  - c.1. shall assist the Chairman of the Board in the process of evaluating the performances of the directors;
  - c.2. shall assist the Chairman of the Board in identifying the training and development needs of the directors;
  - c.3. shall evaluate, periodically or at least once a year, the independency of the members of the Board;
  - c.4. shall propose to the Board changes in the structure of the advisory committees when finding changes in the statute of the directors or other relevant matters;
  - c.5. shall assist the Board in the process of evaluating the performance of the managers;
- d) Other duties and responsibilities:
  - d.1. shall quarterly submit activity reports to the Board of Directors;
  - d.2. shall periodically revise the Internal Rules of the Committee and submit for the approval of the Board of Directors any changes it deems necessary;
  - d.3. shall self-evaluate its own performance and prepare an activity plan for the following year and submit it to the Board of Directors for approval.

## **Chapter 6. The Meetings of the Nomination and Remuneration Committee**

The Committee shall meet periodically, at least four (4) times a year, as well as exceptionally, if necessary. The members of the Committee must be present and actively participate in the meetings.

### **6.1. The Secretariat of the Nomination and Remuneration Committee**

In addition to the Board of Directors, there is also the Secretariat of the GSM and BoD, composed of personnel employed by the Company, with a role in accomplishing the necessary formalities to carry out the relationship with the shareholders and directors, including the organization of GSM, BoD and advisory committees meetings.

The Secretary of the Committee shall be appointed by the Board of Directors from the members of the Secretariat of the GSM and BoD on the recommendation of the Chairman of the Committee. The Secretary of the Committee shall draw up the minutes of meetings and decisions adopted and shall assist the Committee in carrying out its activities.

### **6.2. Convening the meetings**

The meetings of the Nomination and Remuneration Committee shall be convened by the Chairman of the Committee: (i) *ex officio* or (ii) upon request of at least two (2) members of the Committee.

The meetings of the Nomination and Remuneration Committee shall be held either by the actual meeting of members at the Company's registered office or at another location, as determined by the convening notice, or by teleconference or videoconference, if the Chairman of the Committee so decides. In case of meetings held by teleconference, the procedural elements contained in the Internal Rules of the Board of Directors shall be observed.

The meetings of the Nomination and Remuneration Committee shall be organized before the meeting of the Board of Directors scheduled for the current month in order to allow a timely preparation of the reports for the Board of Directors.

The Chairman may request the Nomination and Remuneration Committee to adopt decisions regarding certain documents by means of exchanging e-mails, facsimiles or letters. A written decision which is signed or approved by letter, e-mail, telegram or fax by all the members of the Committee shall be valid and shall take the same effect as a decision adopted during a meeting of the Committee.

The convening notice of each meeting of the Nomination and Remuneration Committee shall include at least: (i) the place of the meeting, indicating the address of the location or the modality in which the communication is carried out in case of teleconference or videoconference, (ii) the date and time of the meeting and (iii) the agenda of the meeting.

The agenda of each meeting shall be sent to all Nomination and Remuneration Committee members and to any other person whose participation is necessary, at least five working days before the date of the meeting. The informative materials relating to the meeting shall be sent, to the members of the Nomination and Remuneration Committee as well as, if applicable, to the other participants, within the same five days term. Said materials may be sent via e-mail.

The Nomination and Remuneration Committee may invite to the meeting any director, manager or any other person (employee, partner, etc.), as it may deem necessary, who can contribute to carrying out its duties.

### **6.3 Conduct of Meetings**

The meetings of the Nomination and Remuneration Committee shall be presided over by the Chairman of the Committee.

The needed quorum for the Nomination and Remuneration Committee meetings validation shall be constituted by at least half of the committee's members (including the Chairman of the Committee). The attendance of a member via video or audio means shall be considered valid for the purpose of determining the quorum.

Each member of the Nomination and Remuneration Committee shall have the right to cast one vote personally or through a representative regarding a decision of the Committee. In case of a tie, the vote of the Nomination and Remuneration Committee Chairman shall be decisive.

Direct vote may be cast by correspondence or by electronic means, as established by the Board of Directors.

Other aspects related to casting the vote, provided in the Internal Rules of the Board of Directors, shall also apply to the Committee's meetings.

In order to be valid, the decisions of the advisory committees shall cumulatively meet the following conditions: (i) the decisions must be taken in the presence of the majority of the committee's members and (ii) the decisions must be voted with the majority of the votes validly casted.

In case the Chairman of the Nomination and Remuneration Committee cannot exercise his/her attributions, he/she may authorize another person to exercise such attributions, including the right to vote, based on a special mandate.

#### **6.4 Minutes and Notes of the Committee**

A Minutes of the Meeting shall be drafted at each meeting of the advisory committees and it shall provide the following: (i) the place and time of the meeting, (ii) first and last name of the present members, (iii) the decisions that were taken during the meeting, (iv) the number of votes received by each decision, and (v) upon request, the individual opinions.

The Minutes of the Meeting shall be signed by all members that attended the meeting, including by the Committee's Chairman.

Based on the Minutes of the Meeting, the Nomination and Remuneration Committee Note shall be issued, and this shall include all the decisions taken during the meeting. The Note shall be signed by the Committee's Chairman and it shall be delivered to the Board of Directors as well.

For each meeting of the Committee a file of the meeting shall be prepared and it shall include the following: (i) the documents related to the convocation, (ii) the documents presented during the meeting, supporting the items on the agenda, (iii) the Minutes of the Meeting and the Committee's Note, (iv) the powers of attorney based on which the vote by representation was casted, (v) the letters through which the vote by correspondence was casted and (vi) copies of the letters baring the vote via electronic means certified by the Secretary of the Board,.

#### **Chapter 7. Final Provisions**

This Internal Rules of the Nomination and Remuneration Committee was approved by the Board of Directors as of August 11, 2022.

The following annexes are part of this Rules: *Annex 1: Monitoring and Evaluation of the Nomination and Remuneration Committee Activity Model Report and Annex 2: Calendar for the Implementation of Recommendations. Stage of Implementation of Recommendations.*

After entering into force upon its approval, these Rules shall be revised whenever necessary.



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

### MONITORING AND EVALUATION OF THE NOMINATION AND REMUNERATION COMMITTEE ACTIVITY REPORT

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

#### Composition of the Nomination and Remuneration Committee

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

#### Performed activities

##### 1. Consultations

Discussions and working meetings with the executive management of the Company shall be indicated, if these were needed; departments within the Company with which such Consultations were carried out shall be mentioned.

##### 2. Analyses

The followings are specified: the analysed subject, supporting documents used in the analysis.

##### 3. Performed works

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

##### 4. Proposals, Measures, Recommendations

Elaboration of proposals, measures, recommendations based on consultations, analyses and performed works.

The above mentioned are the basis of drawing up the working forms: the Calendar for Implementation of Recommendations and Stage of Implementation of Recommendations (Annex 2).

##### 5. Dissemination list

The following are included: persons, departments, management bodies to whom the reports of the Nomination and Remuneration Committee are sent, in full or in part (only measures, recommendations and proposals).

#### The Nomination and Remuneration Committee (signatures)

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

**ANNEX 2 – Calendar for Implementation of Recommendations, Stage of Implementation of Recommendations**

**CALENDAR FOR IMPLEMENTATION OF RECOMMENDATIONS  
made by the Nomination and Remuneration Committee**

No.	Date of the meeting	Recommendation	Implementation due date	Responsible for implementation

**Secretary,**

**STAGE OF IMPLEMENTATION OF RECOMMENDATIONS**

on .....

No.	Date of the meeting	Recommendation	Responsible for implementation	Stage of implementation on .....			
				Implemented	Date of implementation	Partially implemented	Not implemented

**Secretary,**