

SELECTION PLAN – Initial Component**For the Appointment of Members in
SNGN Romgaz S.A. Board of Directors**

Preamble: The selection procedure is developed in accordance with GEO 109/2011, as amended and supplemented from time to time, and GD 722/2016. The selection procedure is carried out in order to ensure transparency and professionalism of boards of directors according to corporate governance standards for public enterprises, as drafted in the Corporate Governance Principles of the Organization for Economic Cooperation and Development. In order to meet this goal, *the Nomination and Remuneration Committee of SNGN Romgaz S.A. Board of Directors proposes this Initial Component of the Selection Plan* and submits it to the Public Supervisory Authority and to shareholders for review and suggestions in order to finalize it.

Deadline: 10 days from the initiation of the procedure.

I. Scope and Applicability of the Selection Plan – Initial Component

This initial component of the selection plan is developed with *the scope of recruiting and selecting 7 (seven) board members for SNGN Romgaz S.A. Board of Directors for the 2018-2022' mandate*, in compliance with GEO 109/2011, as amended and supplemented from time to time, and the enforcement guidelines approved by GD 722/2016. *The initial component is drawn up to serve as a basis for the integral component of the selection plan.*

The selection plan, in its entirety, represents the basis of the selection procedure reflecting the main activities and decisions to be made, the relating deadlines, the parties involved and the working documents. The selection plan, in its entirety, will be prepared by the independent expert recruited by consulting the Nomination and Remuneration Committee.

II. Principles

The drafting of the initial component is clear so that all key aspects of the selection procedure could be determined, in compliance with GEO 109/2011, as amended and supplemented from time to time, and the enforcement guidelines approved by GD 722/2016.

The selection plan is drafted so that the recruitment and selection process is carried out in compliance with the principles of free competition, fairness, equality, non-discrimination, transparency, equal treatment and accountability.

III. Selection Procedure Terms

Selection procedure initiation date is January 25, 2018, as follows:

SNGN Romgaz S.A. OGMS Resolution no. 9/December 20, 2017, decides at Article 4 “the Approval of the initiation of the selection procedure for the company’s Board members in compliance with GEO 109/2011, as amended and supplemented by Law no. 111/2016, and SNGN Romgaz S.A. Board of Directors is mandated to carry out the procedure to select the company’s Board members.”

According to GEO 109/2011, as amended and supplemented from time to time, the selection procedure cannot exceed 150 days since its initiation², namely **June 24, 2018**.

IV. Contracting an Independent Expert

Having in mind that SNGN Romgaz S.A. fulfils the two cumulative conditions provided by Art. 29 par.5) – GEO 109/2011, namely it recorded a revenue, in the last financial year, exceeding the equivalent in RON of EUR

¹ART. 28 – GEO 109/2011: “(2)The Board of Directors is composed of 5-9 members as regards public enterprises which fulfil the following cumulative conditions:

a) the revenue recorded in the last financial year is in excess of the equivalent in RON of EUR 7,300,000;

b) have at least 50 employees.”

ART. 47- GD 722/2016 – Enforcement Guidelines of GEO 109/2011 - “The reference date of the cumulative conditions provided under art. 28. par. (2) of the emergency ordinance is the end of the last financial year.”

²ART. 64[^]4, par. (3) – Law 111 dated May 27, 2016: “The selection procedure for the members of the board of directors or members of the supervisory boards and managers concludes within 150 days of the date of initiation.”

7,300,000 and has at least 50 employees, **it is mandatory to perform the candidate selection through an independent expert**, who is a natural or legal person, specialized in recruiting human resources³.

According to Art. 8 of the Enforcement Guidelines of the updated GEO 109/2011, **the terms of reference for the independent expert** are proposed by the **Nomination and Remuneration Committee** of Romgaz based on the initial component of the Selection Plan and **approved by the Board of Directors**. The selection of the independent expert will be made by taking into consideration the following criteria⁴:

Item No.	CRITERIA	COMMENTS
1.	Portfolio of clients during the past 3 years for the selection of board members or managers in public or private enterprises;	<i>Minimum 3 different clients for which the recruitment and selection procedure of board members or of managers was implemented</i>
2.	Total value of contracts in the past 3 years for the recruitment of board members and managers;	<i>Minimum RON 150,000</i>
3.	Composition of the project team, the number of experts who can be allocated to the project and their expertise in recruitment of board members.	<i>Relevant experience in the selection of top management (minimum 5 years) At least one expert who implemented similar projects.</i>
4.	Degree of expertise of the independent expert, as legal person, in terms of recruiting board members/managers in the field of activity of the public entity	<i>At least one board members recruitment and selection project, according to GEO 109/2011.</i>
5.	The expert's project management and coordination capacities	<i>Number of experts dedicated to the project and their expertise (senior expert) Recommendations provided on demand.</i>
6.	Experience in developing the board's profile based on the customized integration of needs in terms of business, organizational, leadership and governance strategies	<i>Creating the board's profile during the recruitment and selection of board members or managers, according to GEO 109/2011. Recommendations provided on demand.</i>
7.	During the past 3 years, the percentage of recommended and subsequently selected candidates, who had the position for more than one year.	<i>Minimum 70%</i>

V. Roles and Responsibilities

This section defines the main activities to be carried out by the parties involved in the recruitment and selection process for a proper performance of this process.

A. General Meeting of Shareholders carries out, without being limited to such, the following main duties in connection with the board members recruitment and selection process, in compliance with legal provisions:

- a) decides to **initiate the recruitment and selection procedure**;
- b) mandates **SNGN Romgaz SA Board of Directors to initiate the selection procedure**;
- c) approves the **Board's profile**, endorsed by SNGN Romgaz SA Board of Directors and proposed by the Nomination and Remuneration Committee;
- d) approves the **Candidate's Profile**, endorsed by SNGN Romgaz SA Board of Directors and proposed by the Nomination and Remuneration Committee;
- e) appoints the **Board Members on the short list**, drafted in compliance with GEO 109/2011, as amended and supplemented from time to time, and the enforcement guidelines approved by GD 722/2016.

³ART.29 - GEO 109/2011: "(2) Candidates proposed by the board of directors of the company are firstly evaluated or selected and recommended by the nomination committee of the board of directors. The nomination committee consists of non-executive members, of whom at least one is independent. By means of a board of directors' resolution it can be established that, in the evaluation process, the nomination committee is assisted by an independent expert, a natural or legal person, specialized in recruiting human resources, whose services are contracted by the company under the law.

(5) For public companies that fulfil the following cumulative conditions it is mandatory to have the selection of the candidates performed by an independent expert who is a natural or legal person, specialized in recruiting human resources:

(a) recorded a revenue, in the last financial year, in excess of the equivalent in RON of EUR 7,300,000;
(b) have at least 50 employees."

⁴ ART. 10 of GD 722/2016

B. The public supervisory authority carries out, without being limited to such, the following main duties in connection with the board members recruitment and selection process, in compliance with legal provisions:

- a) drafts the **Statement of Expectations** by consulting SNGN Romgaz S.A. governance and management bodies, the final form thereof being approved by the supervisory authority's management, by means of an order, and publishes it on its website (by latest, upon deciding on the candidate short list) so that the short list candidates to the board member or manager positions are able to acknowledge such content;
- b) organizes consultations with the other shareholders of SNGN Romgaz S.A. with the scope of reaching an agreement on the main expectations of the public supervisory authority and of shareholders on the company's activity during the following four years;
- c) is **consulted in connection with the Selection Plan – Initial Component**;
- d) **mandates its representatives in SNGN Romgaz GMS to negotiate and approve financial and non-financial indicators for SNGN Romgaz S.A. Board of Directors.**

C. SNGN Romgaz SA Board of Directors carries out, without being limited to such, the following main duties in connection with the board members recruitment and selection process, in compliance with legal provisions:

- a) **initiates SNGN Romgaz S.A. board members or managers selection process** in compliance with the updated GEO109/2011 and the relating enforcement guidelines;
- b) coordinates **the independent expert selection process**;
- c) approves the **terms of reference for the independent expert selection**, proposed by the Nomination and Remuneration Committee;
- d) endorses the **Board of Directors Profile** proposed by the Nomination and Remuneration Committee;
- e) endorses the **Candidate's Profile** proposed by the Nomination and Remuneration Committee;
- f) publishes the **Selection Announcement**.

D. The Nomination and Remuneration Committee carries out, without being limited to such, the following duties in connection with the board members recruitment and selection process, in compliance with legal provisions:

- a) drafts the **Initial Component of the Selection Plan**, according to the legal provisions in force;
- b) transmits to the public supervisory authority and publishes, for the information of shareholders, on the company's website, within 5 days from the initiation date of the selection procedure, the draft of the initial component of the selection plan for the formulation of proposals and their completion;
- c) proposes, by means of the Selection Plan – Initial Component, the **terms of reference for the independent expert selection**;
- d) drafts, together with the contracted independent expert, **the Profile Matrix Draft of SNGN Romgaz S.A. Board of Directors**, by consulting the public supervisory authority;
- e) drafts, together with the contracted independent expert, **the Profile of SNGN Romgaz S.A. Board of Directors**, by consulting the *corporate governance structure within the public supervisory authority*;
- f) carries out and updates, on behalf of the Board of Directors, the **analysis of contextual requirements** which are an integral part of the Board's Profile ;
- g) establishes which of the **criteria, provided at article 33, par. (1) and given as examples in Annex 1a to the Enforcement Guidelines of GEO109/2011**, are mandatory and which are optional, depending on the specificity and complexity of the public enterprises' activity, and their share for preparing the short list;
- h) proposes **the Board of Directors Profile** in order to be endorsed by SNGN Romgaz S.A. BoD;
- i) drafts, together with the independent expert, the **Candidate's Profile** and submits it to SNGN Romgaz S.A. BoD for endorsement;
- j) coordinates **the activities based on which the long list is developed** – Article 41 of GD 722/2016;
- k) performs the final selection of the candidates included on the short list based on an interview in compliance with the interview plan specified at article 44, par. 5 of GD 722/2016
- l) analyses the **Statement of Intention** and integrates the analysis's results in the candidate's profile matrix;
- m) after the completion of interviews, drafts the **final appointment report** that includes the classification of candidates and the relating statement of reasons, and sends such to the management of the public supervisory authority in order to mandate the state's representatives in SNGN Romgaz S.A. GMS to propose members in SNGN Romgaz S.A. Board of Directors.

E. Independent Expert, carries out, without being limited to, the following main duties in connection with the board members recruitment and selection process, in compliance with legal provisions:

- a) drafts the **Integral Component of the Selection Plan** by consulting the Nomination and Remuneration Committee;
- b) collaborates with the Nomination and Remuneration Committee of SNGN Romgaz S.A. BoD in relation to all activities required for the selection procedure;
- c) collaborates with the Nomination and Remuneration Committee for the **drafting of, without being limited to, the following documents required for a proper performance of the selection procedure**, in compliance with legal provisions:
 - Board of Directors' Profile;
 - Board Members' Profile (candidate profile);
 - Evaluation and selection criteria;
 - Recruitment and selection announcement;
 - Interview plan;
 - Forms required for the selection process;
- d) verifies the **candidates' files in relation to the minimum criteria established for the selection**, with the scope of drafting the long list of candidates;
- e) in case information provided in the files is not conclusive for the fulfilment of the minimum criteria established for the selection of candidates, requests additional clarifications or decides the rejection of such application;
- f) informs, in writing, the rejected candidates included on the long list of this decision;
- g) verifies the information in the candidates files still on the long list and establishes, for each candidate, the scoring in accordance with the evaluation chart for each criterion of the profile matrix;
- h) performs a **comparative analysis with reference to the board's profile**;
- i) if necessary, requests additional information to the candidates included on the long list, for the accuracy of scoring; organizes direct interview with the candidates, according to the selection plan;
- j) drafts the **short list** according to the enforcement guidelines approved by GD 722/2016.

VI. Main Decisions of the Selection Process

In order to fulfil the scope of the selection plan, the parties identified in section V shall agree upon the following key aspects:

- a) **Regarding documents required for the implementation of the recruitment and selection procedure:**
 - a.1. **the profile of the board in exercise**, the profile of the new board, the profile of each board member: the profile draft must be communicated within **15 working days from the date of contracting the independent expert, finalized and approved until the publication of the announcement**. The Nomination and Remuneration Committee is responsible for and coordinates this activity with the support of the independent expert and of the public supervisory authority;
- b) **Regarding the proper performance of the selection procedure:**
 - b.1. **Selection Plan**: the initial component must be communicated for consultation purposes to the public supervisory authority within 5 days from the selection procedure initiation date and shall be finalized within 10 days from the selection procedure initiation date. The Nomination and Remuneration Committee is responsible for and coordinates this activity. The integral component shall be finalized until the publication of the selection announcement. The independent expert is responsible for drafting the Selection Plan – the Integral Component. The Nomination and Remuneration Committee and the public supervisory authority coordinate this activity.
 - b.2. **Deadlines**: a deadline must be established for every stage of the selection process, in compliance with the legislation in force and as a result of a good negotiation among parties. The deadlines must be set and included in the Selection Plan – the Integral Component;
 - b.3. **Confidentiality Elements and access to documents**: the selection plan shall mention and include key aspects of the selection process, as well as the manner of handling such information.
 - b.4. **Notifications and communication method**: key elements of the selection plan are transmitted and each party with active role in the recruitment and selection process will indicate the person (-s) to the attention of whom communication will be send, and the communication methods. Each party will appoint a person responsible with communication in case of escalation and occurrence of unforeseen

situations, which may negatively affect the scope of the recruitment and selection procedure. The list with such persons is an integral part of the selection plan.

c) With respect to the candidate selection:

c.1. *Ensuring diversity of competencies in the BoD:* key element for preparing the short list and submitting proposals for the appointment of SNGN Romgaz S.A. Board Members.

The decision relating to diversity shall be reflected in the selection plan.

VII. Recruitment and selection process

This section defines the stages of the recruitment and selection process, the deadlines, the required documents and the parties involved. Table below summarises these elements:

Item no.	Stage	Term	Responsible	Document
1.	Initiation of the procedure	25.01.2018	BoD	OGMS Resolution no. 9/20.12.2017
2.	Elaboration of the initial component of the selection plan, sending it for review to the Public Supervisory Authority, publishing on SNGN Romgaz SA website	30.01.2018	Nomination and Remuneration Committee	Selection plan – Initial component
3.	Proposals on the initial component	4.02.2018	Public Supervisory Authority and shareholders, in compliance with the law	Proposal
4.	Completion of the initial component	<i>10 days from the initiation of the selection procedure</i>	Nomination and Remuneration Committee	Selection plan – Initial component
5.	Elaboration of the Statement of Expectations	<i>30 days from finalising the initial component</i>	Supervisory Authority by consulting the BoD	Statement of Expectations
6.	Selection and contracting the independent expert in human resources recruitment	<i>30 days from finalising the initial component</i>	SNGN Romgaz SA executive management	Service provision contract
7.	Elaboration and transmission to shareholders of the draft of the Board of Directors Profile	<i>7 working days from contracting the independent expert</i>	Nomination and Remuneration Committee + Independent Expert	BoD Profile draft
8.	Proposals on the draft of the Board of Directors Profile	<i>5 working days from submitting the drafts of the previous item</i>	Public Supervisory Authority and shareholders, in compliance with the law	Proposals
9.	Completion of the BoD Profile (includes the profile of the current BoD, of the new BoD and of the candidates)	<i>3 working days from receiving the proposals of the previous item</i>	Nomination and Remuneration Committee	BoD Profile and Candidate Profile
10.	Endorsement of the BoD Profile and Candidate Profile	<i>Within maximum 7 days from finalising the profile</i>	BoD – endorsement	BoD Resolution
11.	Approval of the BoD Profile and Candidate Profile	<i>30 days</i>	GMS – approval	GMS Resolution
12.	Elaboration and presentation of the Matrix of the Candidate's Profile	<i>7 working days from contracting the independent expert</i>	Nomination and Remuneration Committee + independent expert	Matrix Draft of the Candidate's Profile

Item no.	Stage	Term	Responsible	Document
13.	Completion of the integral component of the selection plan	<i>5 working days further to the GMS approval</i>	Nomination and Remuneration Committee + independent expert+ Public Supervisory Authority	Selection Plan – integral component
14.	Publishing the selection announcement	<i>Within maximum 10 days from conclusion of the contract with the independent expert</i>	BoD or Nomination and Remuneration Committee	Selection announcement in Romanian and in English in at least two wide spread economic and/or financial newspapers
15.	Submission of candidacies	<i>Within 30 days from publishing the selection announcement</i>	Candidates	Candidacy file on paper in a closed and sealed envelope at the company's registry desk, as well as electronically to the e-mail, dedicated strictly to this project as indicated by the independent expert
16.	Evaluation of candidates, elaboration of the short list and communicating the selection results to the candidates	<i>Within 15 working days from submission of candidacies</i>	Independent expert	Short list
17.	The candidates included on the short list submit the statement of intention	<i>Within 15 days from notification</i>	Nomination and Remuneration Committee	Statement of intent submitted at SNGN Romgaz SA headquarters
18.	Reviewing the statement of intention and integrating the results in the matrix of the candidate's profile	<i>Within 5 days from the deadline for submission of statement of intent</i>	Nomination and Remuneration Committee + independent expert	Review form of the statement of intention. Matrix of the candidate's profile
19.	Final selection - interview	<i>Within 5 days from results review and integration</i>	Nomination and Remuneration Committee	Interview plan
20.	Preparation and transmittal of the report with the final nominations to the public supervisory authority	<i>Within 5 days from the final selection, but not later than June 24, 2018</i>	Nomination and Remuneration Committee + independent expert	Draft of clasification and substantiation report

VIII. Rules for setting-up SNGN Romgaz SA Board of Directors

1. At least two of the Board members shall have economic or legal studies and at least 5 years of experience in the economic, legal, accounting, audit or financial field.
2. At most two of the Board members may be public officers or from other personnel categories of the public supervisory authority or of other authorities or public institutions.
3. The majority of the board comprises non-executive and independent members, as specified at Art. 138² of Law 31/1990 republished, as amended and supplemented from time to time.
4. The BoD will be appointed so as to ensure a diversity of competencies.
5. A natural person may simultaneously exercise maximum 3 board member mandates and/or member of the supervisory board of a public company or enterprise whose headquarters is in Romania. This provision

applies to the same degree to natural persons who are board members or members of the supervisory board, as well as to natural persons representing a legal person who is a board member or a member of the supervisory board.

IX. Future Actions for Completing the Selection Process

In order to complete the selection plan, the Nomination and Remuneration Committee together with the independent expert shall carry out the activities necessary to comply with GEO 109/2011 as amended and supplemented from time to time and the enforcement guidelines approved by GD 722/2016. In this respect, the independent expert, by consulting the Nomination and Remuneration Committee shall prepare, without limitation thereto, the following documents necessary for the recruiting and selection process:

- a) profile of the current BoD;
- b) profile of the new BoD;
- c) profile of each member of the BoD;
- d) announcement of the selection, for the printed media and online;
- e) documents related to the statement of intention;
- f) summary charts for each stage of the selection plan;
- g) interview plan;
- h) nomination forms for the proposed candidates;
- i) nomination recommendations;
- j) contract of mandate draft;
- k) confidentiality forms;
- l) statement forms to be filled in by candidates;
- m) list of confidential elements and of elements that can be made public;
- n) detailed list of documents necessary for natural and legal persons to submit their candidacy, depending on the stages of the selection procedure;
- o) list of elements to review the candidates included on the short list.

The data and deadlines included in this Selection Plan – the Initial Component – except for those provided at items 1 – 4 are for reference only and will be finalized through the Selection Plan – the Integral Component

**Chairman of SNGN Romgaz S.A.
Nomination and Remuneration Committee**

Remus GRIGORESCU

[For signature, please refer to
the original Romanian version]