

SELECTION PLAN – Integral Component

**For the Appointment of Members in  
SNGN Romgaz S.A. Board of Directors**

**Preamble:** The selection procedure is developed in accordance with EGO 109/2011, as amended from time to time, and GD 722/2016. The selection procedure is implemented with the scope of ensuring the transparency and professionalization of the boards of directors according to corporate governance standards for public enterprises, as elaborated in the Company's Principles of Corporate Governance for Economic Cooperation and Development.

**I. Scope and Applicability of the Selection Plan – Integral Component**

This integral 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<sup>1</sup> mandate*, in compliance with EGO 109/2011, as amended from time to time, and the enforcement guidelines approved by GD 722/2016. 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, and was developed by an Independent Expert, George Butunoiu Group SRL, in consultancy with the Nomination and Remuneration Committee.

**II. Principles**

Drafting of the integral component of the selection plan relied on the elements of the selection plan's initial component, supplemented with the required elements between the selection procedure initiation date and the date of adopting this component, in compliance with EGO 109/2011, as amended 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. EGMS Resolution no. 9/December 20, 2017, decided at **Article 4** the *"Approval of the selection procedure for the company's Board members in compliance with EGO 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 EGO 109/2011, as amended from time to time, the selection procedure cannot exceed 150 days since its initiation<sup>2</sup>, respectively **June 24, 2018**.

**IV. Contracting an Independent Expert**

Having in mind the fact that SNGN Romgaz S.A. fulfills the two cumulative conditions provided by Art. 29 par.5) – EGO 109/2011, respectively it recorded a revenue in the latest financial statement in excess of EUR 7,300,000 and has at least 50 employees, **it was mandatory to perform the candidate selection through an independent expert**, George Butunoiu Group SRL.

According to provisions contained in Art. 8 of the Enforcement Guidelines of the updated EGO 109/2011, **the terms of reference for the independent expert** were proposed by the **Nomination and Remuneration Committee (NRC)** of Romgaz based on the initial component of the Selection Plan and were **approved by the**

<sup>1</sup>ART. 28 – EGO 109/2011: "(2) The Board of Directors is composed of 5-9 members in case of public enterprises fulfilling the following cumulative conditions:

a) revenue recorded in the latest financial statement in excess of EUR 7,300,000, equivalent in RON;

b) at least 50 employees."

ART. 47- HG 722/2016 – *Enforcement Normă de aplicare a OUG 109/2011* - "Data de referință pentru condițiile cumulative prevăzute la art. 28. Alin. (2) din ordonanța de urgență este sfârșitul ultimului exercițiu financiar."

<sup>2</sup>ART. 64<sup>4</sup>, al. (3) – *Legea 111 din 27 mai 2016*: "Procedura de selecție pentru membrii consiliului de administrație sau supraveghere și directori se finalizează în termen de cel mult 150 de zile de la declanșare"

**Board of Directors.** The selection of the independent expert was made by taking into consideration the following criteria<sup>3</sup>:

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 for the past 3 years for the recruitment of board members and managers;	<i>Minimum RON 150,000</i>
3.	Composition of the project team, respectively 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 recruitment of board members/managers in the field of activity of the public entity	<i>At least one recruitment and selection process of board members, according to EGO 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) Supplying recommendations 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 EGO 109/2011. Supplying recommendations on demand.</i>
7.	During the past 3 years, the percentage of recommended and subsequently selected candidates, who occupied 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 the scope of a proper fulfillment of the recruitment and selection process.

**A. General Meeting of Shareholders** has carried and will carry out the following main attributions in connection with the board members recruitment and selection process, without any limitations, in compliance with legal provisions:

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

**B. The public supervisory body** carries out the following main attributions in connection with the board members recruitment and selection process, without any limitations, in compliance with legal provisions:

- a) drafts the **Statement of Expectations** by consultancy with SNGN Romgaz S.A. governance and management bodies, following that the final form thereof is approved by the supervisory body's management by means of order and published it on its website (**by latest, the development of the candidate short list**) so that the short list candidates to the board member position 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 body and shareholders on the company's activity during the following four years;
- c) was **consulted in connection with the Selection Plan – Initial Component**;

<sup>3</sup>ART.10 of HG 722/2016.

- 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 (Board)** fulfilled the following main attributions in connection with the board members recruitment and selection process, without any limitations, in compliance with legal provisions:

- a) initiated SNGN Romgaz S.A. board members selection process in compliance with the updated EGO109/2011 and the relating enforcement guidelines;
- b) coordinated the independent expert selection process;
- c) approved the terms of reference for the independent expert selection, proposed by the Nomination and Remuneration Committee;
- d) endorsed the Board of Directors Profile proposed by the Nomination and Remuneration Committee;
- e) endorsed the Candidate's Profile proposed by the Nomination and Remuneration Committee;
- f) published the Selection Announcement.

D. **Nomination and Remuneration Committee (NRC)** has fulfilled and will fulfil the following attributions in connection with the board members recruitment and selection process, without any limitations, in compliance with legal provisions:

- a) drafted the Initial Component of the Selection Plan, according to the legal provisions in force;
- b) transmitted to the public supervisory body and published 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) proposed, by means of the Selection Plan – Initial Component, the terms of reference for the independent expert selection;
- d) drafted, together with the contracted independent expert, the Matrix of SNGN Romgaz S.A. Board of Directors, with the consultation of the public supervisory authority;
- e) drafted, together with the contracted independent expert, the Profile of SNGN Romgaz S.A. Board of Directors, with the consultation of the *corporate governance structure within the public supervisory body*;
- f) carried out and updated on behalf of the Board of Directors the analysis of contextual requirements;
- g) established which of the criteria, provided at article 33, par. (1) and given as examples in Annex 1a to the Enforcement Guidelines of EGO 109/2011, are mandatory criteria and which are optional, depending on the specificity and complexity of the public enterprises' activity, and their share for the preparation of the short list;
- h) proposed the Board of Directors Profile for the endorsement of SNGN Romgaz S.A. BoD;
- i) drafted together with the independent expert the Candidate's Profile and proposed such to SNGN Romgaz S.A. BoD for endorsement;
- j) coordinates the activities based on which the long list is developed – Article 41 of GD722/2016;
- 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, it 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 Government's representative in SNGN Romgaz S.A. GMS to propose members in SNGN Romgaz S.A. Board of Directors.

E. **Independent Expert, George Butunoiu Group SRL**, has the following attributions in connection with the board members recruitment and selection process, without any limitations, in compliance with legal provisions:

- a) drafts the Integral Component of the Selection Plan in consultancy with the NRC;
- b) collaborates with the NRC of SNGN Romgaz S.A. BoD in relation to every activity required for the selection procedure;
- c) collaborates with NRC for the drafting of the following documents required for a proper performance of the selection procedure, without any limitations, 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' data in relation to the minimum criteria established for the selection*, with the scope of drafting the long list of candidates;
- e) in case information is not conclusive for the fulfillment of the minimum criteria established for the selection of candidates it requests additional clarifications or decides the rejection of candidacy;
- f) informs in writing the rejected candidates included on the long list of this decision;
- g) verifies the information of the candidates included 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 by addressing the board's profile*;
- i) requests additional information to the candidates included on the long list, if necessary, 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 fulfill the scope of the selection plan, the parties identified in section V agreed 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 was communicated within **15 working days from the date of contracting the independent expert, finalized and approved in compliance with legal**. NRC was responsible and coordinated this activity with the support of the independent expert and of the supervisory public authority;
- b) Regarding the proper performance of the selection procedure:
- b.1. *Selection Plan*: the initial component was communicated for consultation purposes to the supervisory public body within 5 days from the selection procedure initiation date and was finalized within 10 days from the selection procedure initiation date. NRC was responsible and coordinated this activity. The independent expert, George Butunoiu Group SRL, is responsible for drafting the Selection Plan – Integral Component.
- 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 were negotiated and included in the Selection Plan – the Integral Component;
- b.3. *Confidentiality Elements and access to documents*: the access to confidential data shall be limited to the persons involved directly in the decision making process.
- Confidential elements:
- Candidates' files and CVs. All of the candidates' files shall be treated confidential by every party involved in the recruitment process and which has access to this information.
  - Information regarding the candidates' private life obtained during the selection process;
  - The score obtained by the candidates included on the short list.
- Elements that can be made public:
- Board's profile and the ideal candidate's profile;
  - Interview plan;
  - Selection and evaluation criteria;
  - Statement forms;
  - Statement of expectations.
- 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 escalations 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.

c.2. Interview plan for the selection of members in SNGN Romgaz S.A. BoD

1. Date and time of the interview are established together with the candidates.
2. Place of the interview: Romgaz – București office / Independent Expert's headquarters
3. Performance of the interview: based on the evaluation of competencies, features and requirements, the candidates' professional expertise and abilities will be assessed with the aim of finalizing the score and establishing a ranking in the short list of candidates. The following shall be taken into account, without any limitation: the candidacy file, the candidate profile matrix and the candidate's statement of intention.
4. For each candidate a period of maximum 45 minutes will be allocated for the performance of the individual interview.

*Note: This interview plan relies on the recommendations contained in the "Guide for the Integrated Management of State Participations to the Economy" which is currently in the drafting process at the Ministry of Finances as part of the project "Strengthening of Financial Responsibility in the Public Sector (World Bank Grant)".*

The criteria which must be used during the selection procedure are classified in groups and sub-groups, as follows:

*A. Competencies:* • sector-specific competencies; • professional competencies of strategic importance; • corporate governance competencies; • social and personal competencies; • local and international experience; • competencies and restrictions specific for the public officers and other personnel category of the supervisory public authority or from other public authorities or institutions • others

*B. Features:* • personal and professional reputation; • integrity; • independence; • political exposure; • interpersonal communication abilities; • alignment to the shareholders' Statement of expectations; • gender diversity; • others, depending on the specificity of public enterprises.

***The decision relating to the diversity must 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 stakeholders. The table below summarises these elements:

Item no.	Stage	Term	Responsible	Document
1.	Initiation of the procedure	<b>25.01.2018</b>	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 Body, publishing on SNGN Romgaz SA website	<b>30.01.2018</b>	NRC	Selection plan – Initial component
3.	Proposals on the initial component	<b>4.02.2018</b>	Public Supervisory Body and shareholders, in compliance with the law	Proposal
4.	Completion of the initial component	10 days from the start of the selection procedure	NRC	Selection plan – Initial component
5.	Elaborate the Statement of Expectations	<i>30 days from finalising the initial component</i>	Public Supervisory Body consulting the BoD	Statement of Expectations
6.	Selection and contracting the independent expert in human resources recruitment	<i>30 from finalising the initial component</i>	SNGN Romgaz SA executive management	Service provision contract

Item no.	Stage	Term	Responsible	Document
7.	Elaboration and sending to shareholders the draft of the Board of Directors Profile	<i>7 working days from contracting the independent expert</i>	NRC+ Independent Expert	BoD Profile draft
8.	Proposals on the draft of the Board of Directors Profile	<i>5 working days from submitting the drafts from the previous item</i>	Public Supervisory Body 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 from the previous item</i>	NRC	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>	NRC + independent expert	Matrix of the Candidate's Profile draft
13.	Completion of the integral component of the selection plan	<i>5 working days further to the GMS approval</i>	NRC + independent expert+ Public Supervisory Body	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 / NRC	Selection announcement in Romanian and in English at least in two wide spread economic and/or financial newspapers
15.	Submission of candidacies	<i>Within 30 days from publishing the selection announcement</i>	Candidates	Electronic CV sent to the e-mail strictly dedicated to his project as indicated by the independent expert
16.	Evaluation of candidates, elaboration of the short list and communicating to the candidates the selection results	<i>Within 15 working days from the end of candidacies submission term</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>	NRC and the candidates included on the short list	Statement of intent and candidacy paper file in a closed and sealed envelope sent to SNGN Romgaz SA Registry Desk
18.	Reviewing the statement of intention, the candidacy file 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>	NRC + independent expert	Review form of the statement of intention, matrix of the candidate's profile
19.	Final selection - interview	<i>Within 5 days from review and results integration</i>	NRC	Interview plan

Item no.	Stage	Term	Responsible	Document
20.	Preparation and transmittal of the report with the final nominations to the public supervisory body	<i>Within 5 days from the final selection, but not later than June 24, 2018</i>	NRC + independent expert	Classification report and substantiation

The communication methods used are e-mail, telephone, company's website. The main contact data are mentioned at the end of this paper.

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

1. At least two of the Board members must 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 members may be public officers or other personnel categories of the public supervisory body or of other authorities or public institutions.
3. The majority of the board is formed of non-executive and independent members, as specified at Art. 138<sup>2</sup> of Law 31/1990 republished, as amended 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 company or public enterprise whose headquarters is in Romania. This provision applies to the same degree for natural persons who are board members or members of the supervisory body, as well as for natural persons representing a legal person who is board member or member of the supervisory board.

**IX. Actions for Completing the Selection Process**

In order to finalise the selection plan, NRC together with the independent expert George Butunoiu Group SRL carry out the activities necessary for compliance with GEO 109/2011 as amended from time to time and the enforcement guidelines approved by GD 722/2016. In this respect, the independent expert, by consulting with the NRC and under its coordination – prepares, 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) candidate's profile;
- 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.

**X. Possible Risks and Measures:**

Project stage	Risk description/ critical points	Occurrence probabilities	Impact on activities	Prevention / mitigation solutions	Responsible for implementation of the prevention /mitigation solution
Stage 1 – Prepare the frame for selecting candidates	Correct gathering of information regarding the job description of each candidate and the qualifications that have to be fulfilled by him/her	Low	High	- appointing from the client a person who has the following main responsibilities: to provide information and relevant documents to the Consultant and to facilitate the access to relevant employees that may provide accurate responses to precise requests	Client’s project team
Stage 2 – Organise the candidate recruitment and selection procedure	Lack of trust regarding the recruitment process of an employer from the public environment in professional environments (international environment), that may influence submission of relevant candidacies	Medium	Medium	- Elaborate a joint communication strategy related to the project - promote the client’s initiative by specific means: job announcements published in economic and field related newspapers, on the consultant’s and client’s webpage	Consultant’s project team Client’s project team
	Unfavourable perception of the initiative by the external environment: media, business communities) that may influence fairness of the process and submission of relevant candidacies	Medium	Medium	- ensure transparency of the recruitment process by communicating and publishing relevant information	Consultant’s project team Client’s project team
	Insufficient candidacies/candidacies not complying with the identified profiles	Low	Medium	- Diversify the recruitment methods - Diversify the sources for identifying potential candidates by contacting particularly professional and business communities	Consultant’s project team, with the validation of the Client’s decision-making body
	Challenges /litigations related to the recruitment process	Low	Medium	- compliance with legal regulations and Client’s internal procedures applicable in such processes - elaborate a clear procedure to regulate the manner of providing clarifications to potential candidates and settlement of challenges - the consultant’s legal expert to validate the compliance with the legal provisions of information and documents used during the project	Consultant’s project team, with the validation of the Client’s decision-making body
Stage 3 - Monitoring the activity of candidates, their integration in companies and the	Restrictions related to offering a salary in line with market trends	Medium	Low	- take specific approaches to make legal regulations on employees remuneration more flexible	Project team and client’s decision-making body



Project stage	Risk description/ critical points	Occurrence probabilities	Impact on activities	Prevention / mitigation solutions	Responsible for implementation of the prevention /mitigation solution
rightful remuneration					
	Lack of direct comparison on the local market having a similar business, therefore there is no access to data that could be used for comparison (related to the level and structure of the remuneration, to the operational/financial performance)	Medium	Low	- use additional criteria for comparative analysis (for example income, revenue, number of employees) - comparative analysis with similar international companies as regards the business scope of companies from bordering countries or with a similar development level	Consultant's project team with the validation of the Client's decision-making body
General issues – any stage	Non-compliance with the deadlines of the selection process stages	Medium	Medium	The involved structure will set new deadlines in compliance with the law	
	The supervisory bodies do not approve the documents or proposals	Low	High	Reanalyse and adapt to the requirement of supervisory bodies	
	Inconsistencies between the documents prepared during the selection procedure (example: tender documents vs selection plan – integral component)	Medium	Medium	The last version agreed by the structures involved in the selection process will prevail.	

#### Contact persons

a. For additional information and details on the elements of the selection procedure:

- Roxana Bercan: [roxana.bercan@romgaz.ro](mailto:roxana.bercan@romgaz.ro);
- Independent expert George Butunoiu: [ca-romgaz@georgebutunoiu.ro](mailto:ca-romgaz@georgebutunoiu.ro)  
phone: 021 233 20 93

b. Contact persons of the structures involved in the selection plan/process:

Item no.	Body	Person	Contact data
1.	Public supervisory body, Ministry of Energy	Secretariat of the Ministry	021 407 99 21 <a href="mailto:comunicare@energie.gov.ro">comunicare@energie.gov.ro</a>
2.	S.N.G.N. Romgaz S.A. BoD	Anca Antal	<a href="mailto:anca.antal@romgaz.ro">anca.antal@romgaz.ro</a>
3.	Romgaz BoD Nomination and Remuneration Committee	Roxana Bercan	<a href="mailto:roxana.bercan@romgaz.ro">roxana.bercan@romgaz.ro</a> ; Tel.: 0374 407 281
4.	Independent Expert	George Butunoiu	<a href="mailto:ca-romgaz@georgebutunoiu.ro">ca-romgaz@georgebutunoiu.ro</a> , Tel.: 021 233 20 93

**Independent Expert,  
George Butunoiu Group SRL**

**George BUTUNOIU**



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

**Remus GRIGORESCU**

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

**Date: April 24, 2018**