

To:  
**GENERAL MEETING OF SHAREHOLDERS**

### REQUEST

for approval of financial and non-financial performance indicators resulting from SNGN Romgaz S.A. Governance Plan

#### **I. BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT**

##### **Board of Directors**

According to SNGN Romgaz S.A. (Romgaz) Articles of Incorporation, “The company is administered by a Board of Directors consisting of 7 (seven) Board members” - Article 17, par. (1), and “the General Meeting of Shareholders elects the Board members, in compliance with applicable legal provisions and this Articles of Incorporation. - Article 17 par (3).

According to Resolution no. 5 of March 14, 2023, the General Meeting of Shareholders approves the election of 7 members in Romgaz Board of Directors for a 4 year-term starting with March 16, 2023, namely:

- ✓ Dan Dragoş Drăgan;
- ✓ Aristotel Marius Jude;
- ✓ Marius-Gabriel Nuţ;
- ✓ Răzvan Brasla;
- ✓ Gheorghe Silvian Sorici;
- ✓ Botond Balázs;
- ✓ Elena-Lorena Stoian.

##### **Management**

The term „managers” has the meaning attributed in Article 143 par. (5) of Law 31/1990<sup>1</sup>: „For the purpose of this law, a manager of a joint-stock company is only the person to whom the company’s management duties were delegated, according to par. (1)”.

According to the Articles of Incorporation, “The Board of Directors shall delegate fully or partially the duties to manage the Company to one or to several directors, appointing one of them as General Director”- Article 24, par. (1).

By Board Resolution no. 55 of May 15, 2023, the Board of Directors appointed the following managers of company for a 4-year term from May 16, 2023 until May 16, 2027:

- ✓ Chief Executive Officer: Răzvan Popescu;
- ✓ Deputy Chief Executive Officer: Aristotel Marius Jude;
- ✓ Chief Financial Officer: Gabriela Trânbiţaş.

#### **II. GOVERNANCE PLAN**

S.N.G.N. Romgaz S.A. 2023-2027 Governance Plan (Governance Plan), drafted by the company’s Board of Directors and Executive Management, provides the company’s strategic objectives as established in the Letter of Expectations issued by the company’s shareholders for the Board members’ recruitment process,

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<sup>1</sup> Law 31/November 16, 1990 on companies, as amended from time to time.

actions and measures to be undertaken to meet objectives, required resources and indicators on measuring performance during the mandate.

Romgaz 2023-2027 **main objectives** derived from the company's strategic development objectives are:

- ✓ Increase of hydrocarbon resources and reserves (onshore and offshore in the Black Sea);
- ✓ Maximize the recovery factor of hydrocarbon reserves under safety, reliability and sustainable development conditions;
- ✓ Consolidating the position on the natural gas supply market and energy market/expanding Romgaz activity on regional level/implementing opportunities to grow and to diversify the company's activities on national and regional level and to identify new opportunities;
- ✓ Completion and commissioning of a 430MW thermal-electrical power plant (CTE Iernut) for electricity production;
- ✓ Increase of efficiency of Romgaz economic activity;
- ✓ Reduction of carbon, methane and other gas emissions by minimum 10%;
- ✓ Romgaz digitalization;
- ✓ Underground gas storage (by Depogaz);
- ✓ HR development to embrace future tendencies in the field of sustainable energy;
- ✓ Romgaz Corporate Governance;
- ✓ Active involvement in corporate social responsibility;
- ✓ Implementation of the Investment Plan (to meet objectives).

The Governance Plan contains the following measures, specific actions and directions to act, and implementation deadlines to meet the main objectives indicated above:

✓ **Increase of hydrocarbon resources and reserves (onshore and offshore in the Black Sea):**

• **onshore**

The Exploration-Development-Production Agreement approved by GD no. 23/13.01.2000 and relating Addenda (at the moment, the current operations are provided in Addendum no. 6) based on which Romgaz is sole titleholder provides **exploration** measures and actions for 2023-2027 for each of the 8 blocks (total surface of 15,466.47 km<sup>2</sup>) with the purpose of fulfilling the Minimum Work Program undertaken in front of the National Agency for Mineral Resources. As such, surface exploration works (3D seismic acquisition) and exploration drilling works (exploration wells) are provided in each year (during 2023-2027);

• **offshore**

➤ **in EX-30 Trident block located in the Black Sea**, Romgaz is co-titleholder in the block owning a 12.2% participating interest and is non-operator; the remaining 87.8% stake is held by Lukoil Overseas Atash B.V., who is also the operator in the block. During the 2021-2026 exploration (assessment) phase undertaken in front of the National Agency for Mineral Resources there are exploration works provided which are binding for the titleholders. The Governance Plan provides measures and actions in connection with the activities performed according to the Concession Agreement and the Joint Operating Agreement with respect to EX-30 Trident block and the exercising Romgaz voting right based on analysis and information supplied by the Operator and/or held by Romgaz, including financing Romgaz participating interest;

➤ **in XIX Neptun block, Deep Water Zone in the Black Sea (Neptun Deep)**, operations are governed by the Concession Agreement for the Petroleum Exploration, Development and Production in block XIX Neptun and the relating Addenda, as concluded between the co-titleholders of the Concession Agreement, Romgaz Black Sea Limited (50%) and OMV Petrom SA (50%), and the National Agency for Mineral Resources. Romgaz is the sole shareholder of Romgaz Black Sea Limited starting with August 1, 2022.

For Neptun Deep, the Governance Plan provides actions and measures for securing financing sources required to fund **development works for gas reservoirs with commercial characteristics and their putting into production**, but also **continuation of exploration works to assess and valorize the energy potential of Neptun Deep** (for the relating 50% participating interest). At the same time, measures are provided in connection with the activities performed under the Concession Agreement and the Joint Operating Agreement, gas sales policy for the 50% participating interest, monitoring investment works carried out by the partnership;

✓ **Maximize the recovery factor of hydrocarbon reserves under safety, reliability and sustainable development conditions:**

In order to maximize the natural gas reserves recovery factor, the achievement of an annual production decline within controlled limits (maximum 2.5%/year), the achievement of a reserves replacement ratio higher than 50% and implementing yearly production plans, the Governance Plan provides measures and actions with implementation timeline for **production activity in existing natural gas reservoirs:**

- **Initiating production for major onshore projects**, provided in 2021-2030 Romgaz Development Strategy (Caragele - deep zone production unit (Caragele-Mezozoic), Snagov, Moldova Nord), but also other production capacities at various preparation stages for development and production;
- **Drilling new production wells**. By drilling new production wells, we target the enhancement of existing gas reserved recovery factor through Geological Resources Appraisal Studies and Commercial Reservoir Production Performance Studies, gas reserves that will contribute to achieving the forecasted production decline for the current year, and to maximize the recovery factor in commercial reservoir. Production wells included in the Governance Plan represent an obligation to the National Agency for Mineral Resources;
- **Implementing well recompletion works**. Well recompletion works scheduled for each year, a minimum of 160 works per year, consist of operations such as recompletions performed to recover gas reserves assessed in Geological Resources Appraisal Studies and Commercial Reservoir Production Performance Studies, which are or will be included in the Annual Petroleum Production Program (representing obligations in front of the National Agency for Mineral Resources), as well as other capitalizable repairs (in addition to assumed obligations) in order to achieve the production program established for the current year;
- **Investments in gas transportation, compression and dehydration:**
  - **Gas compressing activity**. Measures and actions provided for 2023-2027 establish investments in new compressing stations for the most important commercial points in order to secure natural gas supply safety, installation of field compressors, and procurement of compressing services (renting group compressors). Approximately 85% of produced natural gas is compressed, percentage indicating the dependence on compressing of the commercial production of reservoirs. Considering the advanced status of decline of gas reservoirs included in Romgaz portfolio, gas compressing becomes an ultimate technical-economic solution to extend the production period of commercial reservoirs and to secure continuation of production from the reservoirs under profitability conditions;
  - **Gas Dehydration Activity**. Measures and actions provided for 2023-2027 establish investments in new gas dehydration stations to secure continuously compliance with gas quality requirements (conformity) in commercial points (National Transmission System), and investments in gas metering systems/installations to secure gas quality conditions. Measures and actions target conformity with minimum gas quality requirements provided in the applicable national legislation;
  - **Gas transportation activity**. Measures and actions are provided for 2023-2027 to allow the operation under safety conditions of natural gas pipelines representing the surface infrastructure of the production activity;
- **Drafting, implementing and monitoring a 2023-2027 production strategy and production capacity optimization strategy** in order to maximize recovery under technical-economic efficiency conditions and to monitor results after implementation. The purpose of this strategy is to provide an optimum and efficient planning, execution and monitoring frame for all works required to obtain gas production, which will secure, in the end, the means to meet the natural gas reserves maximization target and to keep an annual production decline below 2.5%;
- **Continuing the implementation of rehabilitation projects in mature reservoirs**. Management of reservoir production by means of multidisciplinary teams in order to rehabilitate production in the main reservoirs held by Romgaz is implemented in 16 commercial reservoirs (Bazna, Cetatea de Baltă, Coșea Mică, Corunca Nord, Corunca Sud, Delenii-Hărănglab, Filitelnic, Grebeniș, Iclânzul-Vaideiu, Laslău Mare, Mărgineni, Nadeș-Prod-Seleuș, Roman, Sădinca, Sărmășel, Târgu Mureș) which account for approximately 56.4% of the company's annual production. Good results encourage to maintain and possible to continue the development of new projects, in case mature reservoirs suitable for rehabilitation are identified;

✓ **Consolidating the position on the natural gas supply market and energy market/expanding Romgaz activity on regional level/implementing opportunities to grow and to diversify the company's activities on national and regional level and to identify new opportunities**

Governance Plan provides measures and actions with implementation timeline as follows:

- Permanent adjustment of natural gas and electricity sales policy according to the domestic and external context, in order to maximize the added value;
- Permanent adjustment of the business model for the valorization of energy, including the implementation of partnership;
- Adjustment of energy trade policy so that it can secure a significant portfolio of household and non-household customers in compliance with legal applicable provisions;
- Development of trading activity;

✓ **Completion and commissioning of a 430MW thermal-electrical power plant (CTE Iernut) for electricity production**

The Governance Plan provides for measures and actions, including implementing/achievement timelines regarding completion of works and putting into operation the CTE Iernut Development Investment Objective by building a new combined cycle gas turbine power plant, the trading policy for electric power generated by the New Iernut Power Plant and the electric power generated by Unit 5 during the period 2023 - 2025, annual CO<sub>2</sub> emissions from Iernut electric power generation;

✓ **Increasing the efficiency of Romgaz economic activity**

The Governance Plan provides for measures and actions, including implementing/achievement timelines regarding identification of financing sources for investment projects, business plan, obtaining a favorable Romgaz rating, maintenance of an appropriate level of own capital, the controlling activity, economic digitalization and finance transformation.

✓ **Reduction of carbon, methane and other gas emissions by minimum 10%**

The Governance Plan provides for measures and actions, including implementing/achievement timelines regarding Romgaz Decarbonization Policy. Such Policy is based on three pillars:

- I. Reduction of CO<sub>2</sub> emissions;
- II. Reduction of methane emissions;
- III. Implementation of renewable power production projects with positive impact on the Company's carbon footprint.

Specific lines of actions are established in order to reduce CO<sub>2</sub> and methane emissions, and to implement renewable power production projects. Objectives, implementation plans and timelines are going to be set for each line of actions under Romgaz Decarbonization Strategy to be adopted.

Romgaz Decarbonization Strategy on reducing methane emissions will also include actions and measures on implementing the provisions of the Regulation on Monitoring and Reduction of Methane Emissions (RME) (currently being at the draft/proposal stage), by specifying that implementing the Regulation at Romgaz level implies a high level of complexity due to the size of the Company's existing infrastructure. As regards implementation of renewable power production projects, the Governance Plan provides for the construction/purchase of power production facilities from renewable sources (solar parks) with a total cumulated capacity of 180 MW by 2030.

The Decarbonization Strategy will include, besides the three pillars, additional measures for environmental protection for the period 2023 - 2027;

✓ **Romgaz digitalization**

The Governance Plan comprises an extensive Romgaz Digitalization Program, aiming to achieve the major objectives shown below by specific actions and measures for:

- Sustaining and improving the exploration/production activities by technology and digitalization;
- Improving the decision making process and administrative simplification - simplification of administrative processes by digitalization;
- Digital integration - unification and standardization of Romgaz hardware and software infrastructure;

✓ **Underground gas storage (by Depogaz)**

The Governance Plan provides for measures on:

- Monitoring, at Romgaz level (sole shareholder of the Subsidiary), the implementation of Depogaz Development Strategy, so as to ensure the premises of improving efficiency and performance enhancement of the underground storage activity by increasing the daily withdrawal capacity and the flexibility of provided services;
- Supporting by Romgaz, as sole shareholder, the financing or obtaining partial financing for investment projects included in Depogaz Development Strategy;

✓ **Romgaz Development Strategy**

The Governance Plan comprises elements for a potential update of Romgaz Development Strategy, depending on the dynamics of the gas and electricity market, the internal and external context and the financing mode of Romgaz investments. The scope of such is to identify the objectives, the best strategic options and the best development solutions for Romgaz. The Strategy shall be approved and implemented by complying with the legal provisions and by completion of corporate formalities, in accordance with the Articles of Incorporation;

✓ **HR development to embrace future tendencies in the field of sustainable energy**

The Governance Plan provides for actions and measures, including implementing/achievement timelines for improving Romgaz efficiency and operation, the development of human resources in terms of professional training and projected career development in order to achieve the strategic, derivate and specific objectives (i.e. management by objectives), adapting to the future trends in the field of sustainable energy, drafting and implementing a human resources strategy (personnel attracting, training and keeping), continuation and, as the case may be, development of partnerships with the academic and pre-university environment by specific programs for attracting students/young graduates within Romgaz;

✓ **Implementation of new projects to diversify Romgaz activity**

The Governance Plan provides for actions and measures on:

- Investments/purchase and implementation of gas distribution projects;
- Sustainable energy production;

✓ **Corporate Governance**

To ensure a good corporate governance of Romgaz, the Governance Plan comprises specific measures and actions, including achievement/implementing timelines, which include the following:

- Romgaz Internal Managerial Control System (IMCS) - its major objective is to enhance the maturity level so as the functionality of such within the Company to reach an appropriate level of understanding, implementing and monitoring. The implementation stage of IMCS standards are yearly verified by self-evaluation. For each standard, as the case may be, enhancement measures and actions are included for the period 2023 - 2027, with implementing/achievement timelines;
- Integrated Management System - for the period 2023 -2027 there are provided actions to manage the Integrated Management System;
- The National Anticorruption Strategy 2021-2025 (NAS) - continuation of specific actions to fulfil NAS requirements. The Governance Plan provides for specific measures and actions, with achievement/implementing timelines, including reporting actions, revisions of Romgaz Code of Ethics and Integrity, sessions for information, awareness and guidance for employees, yearly perception surveys, synthetic information for promoting the role of the ethical counselor and promoting the system of values and principles included in the Code of Ethics and Integrity;
- Completing the implementation of SR ISSO 37001:2017 Standard (anti-bribery management systems);
- Permanent monitoring of the achievement stages of objective, indicators (including those related to performance);
- Capital Markets and Investor Relations;
- Compliance with corporate governance principles provided by applicable national regulations, i.e. The Bucharest Stock Exchange Code of Corporate Governance;

✓ **Active involvement in corporate social responsibility actions**

The Social Responsibility Policy will be the voluntary and conscious option of Romgaz to promote a transparent business climate, and to include social responsibility causes and business objectives in a coherent strategy in order to obtain economic success in an ethical manner, with respect towards community and environment.

Governance Plan contains actions and objectives, which actively involves Romgaz in corporate social responsibility actions;

✓ **Implementation of the Investment Plan (to meet objectives)**

In order to achieve the proposed objectives, the Governance Plan provides the value of estimated investments for each year, covering the period 2023-2027. Investment programs are structured as follows: exploration drilling works, production drilling works; surface facilities; gas dehydration stations; new compressor stations in gas fields; wellhead compressors; natural gas gathering pipes; well upgrades/recompletions/reactivations/capitalizable works; installations and equipment upgrades (compressor stations, dehydration stations, well clusters etc.); development of utility

infrastructure (access roads, water supply, communications etc.); facilities, equipment and independent machinery with/without assembling and other investment expenses (studies and projects, licenses, capitalizable repairs, loans granted to subsidiaries).

Governance Plan also includes other elements:

- ✓ 2023-2027 Financial Forecasts;
- ✓ 2023-2027 Required Funding;
- ✓ Dividend Policy;
- ✓ Risks relating to 2023-2027 Governance Plan.

### III. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

#### III.1. Financial and non-financial performance indicators

Crt. No.	Performance indicators	Objective
<b>FINANCIAL INDICATORS</b>		
1.	Revenue	Achieving the target committed in the Income and Expenditure Budget (IEB)
2.	EBITDA Margin	Minimum committed
3.	Operating expenses for RON 1000 Operating income	Maintaining the level committed in the IEB
4.	Labour productivity (in value units)	Achieving the target committed in IEB
5.	CapEx	Achieving a minimum level as compared to the Program included in the IEB
6.	The ratio between liabilities and EBITDA	Less than 4.5
7.	Operating income margin	Achieving the target committed in IEB
8.	Dividend payment rate	Minimum provided under the regulations applicable to Romgaz
<b>NON-FINANCIAL INDICATORS</b>		
1.	Natural gas production decline	Maintaining a maximum annual decline
2.	Emissions in the applicable area 1t	Reducing/maintaining the specific CO <sub>2</sub> emissions (tCO <sub>2</sub> /MWh electricity production)
3.	Fulfilling the natural gas supply obligation	100% of the contracted natural gas quantity
4.	Score of client satisfaction	Minimum 75%
5.	Market share	More than 40%
6.	Average number of training hours per employee	Minimum 8
7.	Number of safety trainings	100% of the employees
8.	Total frequency of recorded accidents	Maximum 0.8%
9.	Rate of independent members in the Board of Directors	More than 55%
10.	Number of Board of Directors meetings	Minimum 12/year
11.	Rate of participation in the Board of Directors meetings	Minimum 90%
12.	Number of meetings of the Audit Committee	Minimum 4/year
13.	Rate of women in executive positions	Minimum 30%
14.	Number of full time equivalent employees	Minimum 99% of the average number of employees
15.	Number of full time equivalent employees	Less or equal to zero
16.	Reporting in due time the company performance indicators, according to the financial calendar	Fully observe the reporting schedule
17.	Implementing the Anticorruption National System	Implementing in due time the measures provided under Romgaz Integrity Plan

**FINANCIAL INDICATORS** (Financial indicators abbreviations in Romanian language will be maintained in the English version of the document)

#### 1. Revenue (I<sub>CA</sub>)

**Objective:** Achieving the target under the income and expenditure budget.

**Calculation method:**  $I_{CA_n} = \frac{CA_{R_n}}{CA_{BVC_n}}$ ,

where:

$CA_{R_n}$  - the revenue achieved in year "n" [thousand RON];

$CA_{BVC_n}$  - the revenue included in the income and expenditure budget in year "n", determined in accordance with IFRS rules [thousand RON].

In case of issue of a normative act regulating the prices that limits the demand/offer free price formation, the budgeted revenue is recalculated based on the regulated prices, depending on the proportion of gas quantity or electricity that is sold at regulated prices from the total sold quantity in year "n".

**Source of information:**

$CA_{R_n}$  - Individual annual financial statements from the Annual Report;

$CA_{BVC_n}$  - Income and expenditure budget in year "n", adjusted in accordance with IFRS reporting rules.

## 2. EBITDA margin ( $I_{EBITDA}$ )

**Objective:** minimum committed, 41%, respectively in the years 2023, 2024, 2025 and 42%, respectively in years 2026 and 2027.

**Calculation method:**  $I_{EBITDA_n} = \frac{m_{EBITDA_n}}{m_{EBITDA_n}}$

where:

$m_{EBITDA_n}$  - EBITDA margin achieved in year „n”

$$m_{EBITDA_n} = \frac{EBITDA_n}{CA_{R_n}} \times 100 ,$$

$EBITDA_n$  - adjusted EBITDA achieved in year "n" [thousand RON];

Adjusted EBITDA = Net profit + Tax expenses (income tax, royalty, windfall tax for gas or electricity, solidarity contribution, energy transition fund and any other future taxes generated by the specific scope of work of the company or by over-taxation) + Interest expense and assimilated interest expense - Interest income - Dividend income + Net expenses with amortization, depreciation and impairment of non-current assets and current assets (net expense = expenses - incomes).

$m_{EBITDA_n}$  - EBITDA margin committed in year „n”.

**Source of information from adjusted EBITDA calculation formula:** audited individual financial statements from the Annual Report.

## 3. Operating expenses for RON 1000 Operating income ( $I_{CE/VE}$ )

**Objective:** maintaining the level committed in the annual income and expenditure budget.

**Calculation method:**  $I_{(CE/VE)_n} = \frac{\frac{CE_n \times 1.000}{VE_n}}{\frac{CE_{BVC_n} \times 1.000}{VE_{BVC_n}}}$ ,

where:

$CE_n$  - operating expenses made in year "n" [thousand RON];

$CE_n$  = Operating expenses - Tax expenses (royalty, windfall tax for gas or electricity, , solidarity contribution, energy transition fund and any other future taxes generated by the specific scope of work of the company or by over-taxation) - Net expenses with amortization, depreciation and impairment of non-current assets and current assets;

$VE_n$  - revenue from operation in year "n" [thousand RON];

$CE_{BVC_n}$  - operating expenses budgeted in year "n" [thousand RON];

$VE_{BVC_n}$  - operating income budgeted in year "n" [thousand RON].

Operating expenses and operating income include the values related to own work capitalized.

**Source of information:** Annual Report and the Income and Expenditure Budget.

#### 4. Labour productivity in value units ( $I_w$ )

**Objective:** achieving the target committed in the annual revenue and expenditures budget.

**Calculation method:**  $I_{W_n} = \frac{W_{R_n}}{W_{BVC_n}}$ ,

where:

$$W = \frac{VE}{NR_{mediu}}$$

$NR_{mediu}$  - average number of employees [employees];

$W_{R_n}$  - labour productivity achieved in year "n" [thousand RON/employee];

$W_{BVC_n}$  - labour productivity budgeted in year "n" [thousand RON/employee];

VE - operating income; it includes the values related to own work capitalized.

In case of issue of a normative act regulating the prices that limits the demand/offer free price formation, the budgeted operating revenue is recalculated based on the regulated prices, depending on the proportion of gas quantity or electricity that is sold at regulated prices from the total sold quantity in year "n".

**Source of information:** Annual Report and the Income and Expenditure Budget.

#### 5. CAPEX ( $I_{CapEx}$ )

**Objective:** minimum 70% in year 2023 and minimum 75% starting with year 2024 of the investment program committed in the income and expenditure budget.

**Calculation method:**  $I_{CapEx_n} = \frac{CapEx_n}{a}$

where:

$$CapEx_n = \frac{CapEx_{R_n}}{CapEx_{BVC_n}}$$

$CapEx_{R_n}$  - annual investment program achieved in year "n" [thousand RON];

$CapEx_{BVC_n}$  - annual investment program committed in the income and expenditure budget in year "n" [thousand RON];

$a$  - target objective committed for each year [%].

Investment program includes the amounts allocated to Romgaz Black Sea Ltd subsidiary.

**Source of information:** Annual Report and Income and Expenditure Budget.

#### 6. Ratio between liabilities and EBITDA ( $I_{D/EBITDA}$ )

**Objective:** less than 4.5.

**Calculation method:**  $I_{D/EBITDA_n} = 1 - \frac{RD/EBITDA_n - 4.5}{4.5}$

where:

$$RD/EBITDA_n = \frac{DFN_{R_n}}{EBITDA_n}$$

$DFN_n$  - net financial liability in year "n" [thousand RON]. Net financial liability is the balance of long and short term bank loans of any kind and bond issues recorded in the financial statement on 31 of December of each year minus the balance of cash, cash equivalent and other financial assets recorded in the financial statement on 31 of December of each year;

$EBITDA_n =$  Net income + Income tax expenses, set in accordance with IFRS + Interest expense and assimilated interest expense - Interest income - Dividend income + Net expenses with amortization, depreciation and impairment of non-current assets and current assets (net expense = expenses - incomes). [thousand RON].

**Source of information:** audited individual financial statements from the Annual Report.

#### 7. Operating income margin ( $I_{mPexpl}$ )

**Objective:** achieving the target committed in the annual income and expenditure budget.



$$\text{Calculation method: } I_{mPexpl_n} = \frac{mPexplR_n}{mPexplBVC_n},$$

where:

$mPexplR_n$  - operating income margin achieved in year „n” [%];

$mPexplBVC_n$  - operating income margin budgeted in year „n” [%];

$$mPexpl = \frac{P_{expl}}{CA} \times 100$$

$P_{expl}$  - operating income [thousand RON];

$CA$  - revenue [thousand RON].

*Source of information:* audited individual financial statements from the Annual Report and the Income and Expenditure Budget.

## 8. Dividend payment rate ( $I_{div}$ )

*Objective:* minimum provided under the regulations applicable to Romgaz.

$$\text{Calculation method: } I_{div_n} = \frac{R_{div_n}}{R_{divR_n}}$$

where:

$R_{div_n}$  - payment rate achieved in year “n”;

$$R_{div_n} = \frac{DIV_{pl_n}}{PN_n} \times 100,$$

$DIV_{pl_n}$  - value of dividends in year “n” [thousand RON];

$R_{divR_n}$  - payment rate according to regulations applicable to Romgaz in year “n”.

*Source of information:* GMS Resolution.

## NON-FINANCIAL INDICATORS

### 1. Natural gas production decline ( $I_{prod}$ )

*Objective:* maintaining the maximum annual decline level of 2.5% as compared to 2022, considered as “base year” for the calculation of indicator until 2027.

$$\text{Calculation method: } I_{prod_n} = \frac{P_n}{P_{A_n}},$$

where:

$P_n$  - natural gas production achieved in year “n”, [mil.cm];

$P_{A_n}$  - natural gas production committed for year “n”, calculated for an annual decline of 2.5%, starting from the production of year 2022, namely 4,936 [mil.cm];

$$P_{A_n} = 4,936 \times (1 - 0.025)^i,$$

$i$  is the ordinal number of the years of mandate, namely: 2023=1, 2024=2, 2025=3, 2026=4 and 2027=5.

*Source of information:* Annual Report.

### 2. Emissions in the applicable area 1t ( $I_{E1t}$ )

*Objective:* reducing/maintaining the CO<sub>2</sub> specific emissions generated directly by the electricity generation plant within Iernut Power Plant.

$$\text{Calculation method: } I_{E1t_n} = 1 - \frac{CO2_{Rn} - CO2_{An}}{CO2_{An}},$$

where:

$CO2_{Rn}$  - specific CO<sub>2</sub> emissions produced in year “n” [tCO<sub>2</sub>/MWh of produced electricity];

$CO2_{An}$  - maximum specific CO<sub>2</sub> emissions committed for year “n” [tCO<sub>2</sub>/MWh of produced electricity], as follows:

2023	2024	2025	2026	2027
0.570	0.565	0.360	0.360	0.360

Source of information: Annual Report.

### 3. Fulfilling the natural gas supply obligation ( $I_f$ )

Objective: 100% of the contracted natural gas quantity.

Calculation method:  $I_{Fn} = \frac{Q_{Fn}}{Q_{Cn}}$ ,

where:

$Q_{Fn}$  - natural gas quantity supplied from the contracted quantity in year “n” [thousand cm];

$Q_{Cn}$  - contracted natural gas quantity, to be delivered in year “n” [thousand cm].

Contracted natural gas quantity is calculated by adding the following quantities:

- Natural gas quantities from fixed and firm quantities contracts;
- Natural gas quantities from flexible contracts, taking into account the clients requirements related to the use of flexibility; and
- Quantities actually supplied to clients whose contracts allow the deviation of quantities estimated for consumption (residential consumers, clients accepted by Romgaz as last resort supplier and other clients whose contractual provisions allow for such).

Source of information: Annual Report.

### 4. Clients satisfaction score ( $I_{SSC}$ )

Objective: minimum 75%.

Calculation method:  $I_{SSCn} = \frac{SSCr_n}{75\%}$ ,

where:

$SSCr_n$  - clients' satisfaction score achieved in year “n”;

$$SSCr_n = \frac{\text{Number of evaluations of 4 and 5}_n}{\text{Total number of evaluations}_n} \times 100$$

Source of information: Annual Report.

### 5. Market share ( $I_{cp}$ )

Objective: more than 40%.

Calculation method:  $I_{cpn} = \frac{C_{pia\breve{a}R_n}}{40\%}$ ,

where:

$C_{pia\breve{a}R_n}$  - market share achieved in year “n” [%].

Market share is calculated as share of Romgaz gas deliveries from internal production in the natural gas consumption from domestic production at national level.

Source of information: Annual Report.

### 6. Average number of training hours per employee ( $I_{fp}$ )

Objective: minimum 8.

Calculation method:  $I_{fpn} = \frac{NR_{ofpR_n}}{8}$ ,

where:

$NR_{ofpR_n}$  - average number of training hours per employee achieved in year “n”;

$$NR_{ofpR_n} = \frac{\text{Total number of training hours achieved in year } n}{NR_{average_n}}$$

$NR_{average_n}$  - average number of employees in year “n”.

Source of information: Annual Report.

### 7. Number of safety trainings ( $I_{ims}$ )

Objective: 100% of employees.

Calculation method:  $I_{ims_n} = \frac{NR_{imsR_n}}{NR_{nec.inst.n}}$ ,

where:

$NR_{imsR_n}$  - number of employees trained for safety in year “n”;

$NR_{nec.inst.n}$  - number of employees who need to be trained for safety in year “n”.

Source of information: Annual Report.

## 8. Total frequency of recorded accidents ( $I_{acc}$ )

Objective: maximum 0.8%.

Calculation method:  $I_{acc_n} = 1 - \frac{FTA_{R_n} - 0.8\%}{0.8\%}$

where:

$FTA_{R_n}$  - total frequency of accidents recorded in year “n”;

$FTA_{R_n} = \frac{\text{Total accidents recorded in year } n}{NR_{average_n}} \times 100$

Source of information: Annual Report.

## 9. Rate of independent members of BOD ( $I_{CAind}$ )

Objective: more than 55%.

Calculation method:  $I_{CAind_n} = \frac{RMI_{R_n}}{55\%}$ ,

where:

$RMI_{R_n}$  - rate of independent members of BOD in year “n”;

$RMI_{R_n} = \frac{\text{Average number of independent members of BOD in year } n}{\text{Average number of BOD members}} \times 100$

Source of information: Annual Report.

## 10. Number of BOD meetings ( $I_{sedCA}$ )

Objective: minimum 12.

Calculation method:  $I_{sedCA_n} = \frac{NR_{sedR_n}}{12}$ ,

where:

$NR_{sedR_n}$  - number of meetings in year “n”.

Source of information: Annual Report.

## 11. Rate of participation in BOD meetings CA ( $I_{prezCA}$ )

Objective: minimum 90%.

Calculation method:  $I_{prezCA_n} = \frac{PCAR_n}{90\%}$ ,

where:

$PCAR_n$  - rate of participation in BOD meetings achieved in year “n”;

$PCAR_n = \frac{\sum_{i=1}^{N_t} NR_{CA_i}}{NR_{CA} \times N_t} \times 100$

$NR_{CA_i}$  - number of participants in the BOD meeting „i”;

$NR_{CA}$  - total number of BOD members;

$N_t$  - number of BOD meetings.

Source of information: Annual Report.

## 12. Number of Audit Committee meetings ( $I_{sedCa}$ )

Objective: minimum 4 per year.

Calculation method:  $I_{sedCa_n} = \frac{NRCaR_n}{4}$ ,

where:

$NRCa_{R_n}$  - number of meetings of the Audit Committee in year “n”.

Source of information: Annual Report.

### 13. Rate of women in management positions ( $I_{RFD}$ )

Objective: minimum 30%.

Calculation method:  $I_{RFD_n} = \frac{RFD_{R_n}}{30\%}$ ,

where:

$RFD_{R_n}$  - rate of women in management positions in year “n”;

$$RFD_{R_n} = \frac{FD_{R_n}}{TD_{R_n}} \times 100,$$

$FD_{R_n}$  - average number of women in management position in year “n”;

$TD_{R_n}$  - average number of managers in year “n”.

Manager meaning, as provided in Art. 143 par. (5) of Law 31 of 16 November 1990 on companies, is the following „*In the sense of the present law, the manager of the joint-stock company is only that person to whom the company's management duties have been delegated, in accordance with paragraph (1)*”.

Paragraph(1) provides the following: „*The Board of Directors can delegate the management of the company to one or more managers, appointing one of them as general manager*”.

Source of information: Annual Report.

### 14. Number of full time equivalent employees ( $I_{ANI}$ )

Objective: minimum 99% of the number of employees.

Calculation method:  $I_{ANI_n} = \frac{NANI_n}{99\%}$

where:

$$NANI_n = \frac{NOLTA_{R_n}}{NOLNI_{R_n}} \times 100,$$

$NOLTA_{R_n}$  - total number of working hours for all employees in year “n”;

$NOLNI_{R_n}$  - total number of working hours for one employee working full time in year “n”.

Source of information: Annual Report.

### 15. Gender pay gap ratio ( $I_{rem}$ )

Objective: less or equal to zero.

Calculation method:

- $I_{rem} = 1$ , if DRF is less than or equal to zero;
- $I_{rem} = 0$ , if DRF is more than zero.

where:

$DRF_n$  - the gender pay gap ratio;

$$DRF_n = \frac{SM_{R_n} - SF_{R_n}}{SM_{R_n}},$$

$SM_{R_n}$  - average monthly wage of male gender employees in year “n” [RON];

$SF_{R_n}$  - average monthly wage of female gender employees in year “n” [RON].

Source of information: Annual Report.

### 16. Reporting in due time the company's performance indicators, according to the financial calendar ( $I_R$ )

Objective: full compliance with the reporting deadlines.

Calculation method:  $I_{R_n} = \frac{NR_{Rt_n}}{NR_{RT_n}}$ ,

where:

$NR_{Rt_n}$  - number of reporting activities made in due time in year “n”;

$NR_{RT_n}$  - total number of reporting activities made in year “n”;

Source of information: Annual Report.

### 17. Implementing the Anticorruption National System (Isna)

Objective: implementing in due time the measures provided in Romgaz Integrity Plan.

Calculation method:  $Isna_n = \frac{M_{R_n}}{M_{P_n}}$ ,

where:

$M_{R_n}$  - measures implemented in year “n”;

$M_{P_n}$  - measures proposed to be implemented in year “n”;

Source of information: Annual Report.

Note: For year 2023 ROMGAZ Integrity Plan will be considered, as it is elaborated and revised in August 2023, the measures to be fulfilled will be those provided for the period August to December 2023

### III.2. The share of financial and non-financial indicators

Indicators	Non-executive BOD members	Executive BOD members/ Managers
<b>FINANCIAL</b>	<b>20%</b>	<b>50%</b>
<b>NON-FINANCIAL, out of which:</b>	<b>80%</b>	<b>50%</b>
1. operational	20%	25%
2. public service oriented	10%	15%
3. corporate governance	50%	10%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

#### Non-executive BOD members

Performance indicators for calculation of the variable component of remuneration	Non-executive BOD Members
<b>FINANCIAL</b>	<b>20%</b>
1. Revenue	4%
2. EBITDA Margin	2%
3. Operating expenses for RON 1000 Operating income	3%
4. Labour productivity (in value units)	2%
5. CapEx	3%
6. The ratio between liabilities and EBITDA	2%
7. Operating income margin	2%
8. Dividend payment rate	2%
<b>NON-FINANCIAL</b>	<b>80%</b>
<b>Operational</b>	<b>20%</b>
9. Natural gas production decline	4%
10. Emissions in the applicable area 1t	3%
11. Fulfilling the natural gas supply obligation	3%
12. Market share	2%
13. Average number of training hours per employee	3%
14. Number of safety trainings	3%
15. Total frequency of recorded accidents	4%
<b>Public service oriented</b>	<b>10%</b>
16. Score of client satisfaction	10%
<b>Corporate governance</b>	<b>50%</b>
17. Rate of independent members in the Board of Directors	5%

Performance indicators for calculation of the variable component of remuneration	Non-executive BOD Members
18. Number of Board of Directors meetings	7%
19. Rate of participation in the Board of Directors meetings	6%
20. Number of meetings of the Audit Committee	6%
21. Rate of women in executive positions	8%
22. Reporting in due time the company performance indicators, according to the financial calendar	9%
23. Implementing the Anticorruption National System	9%
<b>TOTAL</b>	<b>100%</b>

#### Executive BOD members/managers

Performance indicators for calculation of the variable component of remuneration	Executive BOD members/Managers
<b>FINANCIAL</b>	<b>50%</b>
1. Revenue	10%
2. EBITDA Margin	5%
3. Operating expenses for RON 1000 Operating income	7.5%
4. Labour productivity (in value units)	5%
5. CapEx	7.5%
6. The ratio between liabilities and EBITDA	5%
7. Operating income margin	5%
8. Dividend payment rate	5%
<b>NON-FINANCIAL</b>	<b>50%</b>
<b>Operational</b>	<b>25%</b>
9. Natural gas production decline	5%
10. Emissions in the applicable area 1t	3%
11. Fulfilling the natural gas supply obligation	4%
12. Market share	4%
13. Average number of training hours per employee	3%
14. Number of safety trainings	3%
15. Total frequency of recorded accidents	3%
<b>Public service oriented</b>	<b>10%</b>
16. Score of client satisfaction	10%
<b>Corporate governance</b>	<b>15%</b>
17. Number of full time equivalent employees	3%
18. Gender pay gap ratio	3%
19. Reporting in due time the company performance indicators, according to the financial calendar	4%
20. Implementing the Anticorruption National System	5%
<b>TOTAL</b>	<b>100%</b>

### III.3. Calculation method of remuneration variable component

#### Non-executive BOD members

$$CV_n = CV \times GTI_n$$

where:

$CV_n$  - variable remuneration component due to non-executive BOD members in year “n”, RON;  
 $CV$  - variable remuneration component established by addendum to the contract of mandate, RON;  
 $GTI_n$  - total level of fulfillment of performance indicators in year “n”.

$$GTI_n = \sum_{i=1}^{23} (I_{i_n} \times p_i)$$

where:

$I_{i_n}$  - level of fulfillment of performance indicator “i” in year “n”;

$p_i$  - weighing factor of performance indicator “i”.

At the same time, if:

- $GTI \geq 100\%$ , the variable component of remuneration is granted in full;
- $50\% \leq GTI < 100\%$ , the variable component of remuneration is granted proportionally;
- $GTI < 50\%$ , the non-executive BOD members can be revoked.

*Note:* the variable component of the non-executive BOD members is calculated and granted annually.

#### Executive BOD members/managers

$$CV_{ex_n} = CV_{ex} \times GTI_{ex_n}$$

where:

$CV_{ex_n}$  - variable remuneration component due to executive BOD members/managers in year “n”, RON;

$CV_{ex}$  - variable remuneration component established by addendum to the contract of mandate, RON;

$GTI_{ex_n}$  - total level of fulfillment of performance indicators in year “n”.

$$GTI_{ex_n} = \sum_{i=1}^{20} (I_{i_n} \times p_i)$$

where:

$I_{i_n}$  - level of fulfillment of performance indicator “i” in year “n”;

$p_i$  - weighing factor of performance indicator “i”.

At the same time, if:

- $GTI_{ex} \geq 100\%$ , the variable component of remuneration is granted in full;
- $50\% \leq GTI_{ex} < 100\%$ , the variable component of remuneration is granted proportionally;
- $GTI_{ex} < 50\%$ , the executive BOD members/managers can be revoked.

*Note:* the variable component of the executive BOD members/managers is calculated and granted annually.

#### IV. REQUEST

In accordance with the provisions of Art.30 paragraph (3) of GEO No.109/2011<sup>2</sup>, we submit for analysis, in the view of negotiation and approval, the financial and non-financial performance indicators resulting from the Governance Plan, as presented in this Request for Approval.

#### V. DRAFT RESOLUTION

“Approves the financial and non-financial performance indicators resulting from the Governance Plan, as presented in the Request for Approval No. 30.318 of 4 August 2023.”

CHAIRMAN OF THE BOARD OF DIRECTORS

Dan Dragoş DRĂGAN

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<sup>2</sup> Emergency Ordinance no. 109 of November 30, 2011 on public company corporate governance, as modified and amended, valid on the date of execution of the contracts of mandate.