

**S.N.G.N. ROMGAZ S.A. AUDIT COMMITTEE CHARTER**



October 2022

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## Chapter 1. Preamble

The Audit Committee Charter assists the Board in ensuring that the Company keeps consistent and adequate systems for financial reporting, audit, internal control and risk management.

The Audit Committee sets the structure, activities and responsibilities, rights and obligations of committee members for ensuring transparency and efficiency of the committee's work.

This Audit Committee Charter is supplemented by: (i) legal provisions on corporate governance of public enterprises, (ii) Articles of Incorporation, (iii) BVB Corporate Governance Code, (iv) other internal rules approved by Romgaz corporate bodies, as well as (vi) laws 162/2017 and 672/2002.

## Chapter 2. Definitions

In this Audit Committee Charter the terms and expressions stated below shall have the following meaning:

- a) **“Articles of Incorporation”** – Romgaz Articles of Incorporation<sup>1</sup>;
- b) **“director”** – member in Romgaz Board of Directors;
- c) **“executive director”** – the person who is concurrently director and Company manager;
- d) **“non-executive director”** – the person who is director but not Company manager;
- e) **“GMS”** – General Meeting of Shareholders;
- f) **“BVB”** – Bucharest Stock Exchange;
- g) **“compartment”** – general term for department, direction, office or any other organisational structure of Romgaz;
- h) **“executive management”** – manager/managers to whom the Board of Directors delegated the management of the Company;
- i) **“Board”** – Romgaz Board of Directors (BoD);
- j) **“Committee”** – Audit Committee;
- k) **„manager”** – person to whom the Board of Directors<sup>2</sup> delegated the management of the Company and who concluded with the Company a contract of mandate. The term “manager” includes the Director General except for the executive managers;
- l) **“Law 162/2017”** – Law 162/2017 on the statutory audit of annual financial statements and of consolidated annual financial statements, repealing GEO 90/2008;
- m) **“Law 31/1990”** – Law 31/1990 o companies, as subsequently amended and supplemented;
- n) **“Law 672/2002”** – Law 672/2002 on the internal public audit, as subsequently amended and supplemented;
- o) **“corporate management body”** – GMS, Board of Directors, Company manager/managers;
- p) **“GEO 109/2011”** – Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises as subsequently amended and supplemented approved by Law 111/2016;
- q) **“Company’s webpage”** – [www.romgaz.ro](http://www.romgaz.ro);
- r) **“Chairman”** – Chairman of Romgaz Board of Directors;

<sup>1</sup> Published on the Company's webpage at Investors/Corporate Governance/Reference Documents

<sup>2</sup> In compliance with art. 143 of Company Law no.31/1990 republished, as subsequently amended and supplemented

- s) “**legal provision/regulation**” – any rule provided by a law published in the Official Journal of Romania- Part I- a;
- t) “**internal rule**” – any rule provided by an act approved by a corporate management body of Romgaz;
- u) “**GMS and BoD Secretariat**” – organisational unit within Romgaz whose duties are to fulfil all formalities for organising the GMS and BoD meetings and the meetings of advisory committees;
- v) “**Committee Secretary**” – person employed at GMS and BoD Secretariat and appointed by the Board of Directors as Committee Secretary;
- w) “**Romgaz**” or “**the Company**” – Societatea Națională de Gaze Naturale ROMGAZ SA;

### Chapter 3. Scope of the Audit Committee

Setting up an audit Committee is provided in the effective laws (Law 31/1990 at art. 140<sup>2</sup> and GEO 109/2011 art.34, being a requirement for the companies listed on BVB.

The Audit Committee fulfils the legal duties provided at art. 65 of Law 162/2017 consisting mainly in monitoring the financial reporting process, the internal control, internal audit and risk management systems and in supervising the statutory audit of the annual financial statements and in managing the relation with the external auditor.

Moreover, according to GEO 109/2011 together with BVB Corporate Governance Code, through the Audit Committee, the internal public audit structure reports to the Board of Directors.

### Chapter 4. Composition of the Audit Committee

The Committee will consist of an odd number of non-executive members of the Board of Directors.

The composition of the Audit Committee will comply with the following criteria/conditions:

- all members should be non-executive directors;
- the majority of the members should be independent directors;
- at least one member of the Audit Committee has to be a financial auditor or to have at least 3 years experience in statutory audit gained by participating in statutory audit missions;
- the chairman of the Committee will be a non-executive director;
- the chairman of the Board cannot be the chairman of the Committee;
- the chairman of the Committee will be competent and experienced to monitor audit matters and manage the risks analysed by the Committee;
- the Committee, as a whole, has to be qualified to meet the responsibilities of an Audit Committee. The attributes qualifying the Audit Committee include experience within the relevant industry, understanding the specific factors by which the company adds value, knowledge of risk management, knowledge of the relevant regulation and experience in the compliance sector.

Taking into consideration the above mentioned criteria, the Board of Directors will appoint the members of the Audit Committee, one member will be appointed Chairman of the Audit Committee.

The composition of the Audit Committee will be published on the Company's website<sup>3</sup>.

The Chairman of the Audit Committee will chair the meetings and represents the Committee in the relation with the Board of Directors and other persons.

In case of membership or chairmanship termination, the Board of Directors shall appoint another director for the vacant position.

During the performance of the mandate, the Audit Committee's members shall not hold any other positions, qualities and shall not carry out transactions which could be considered incompatible to Audit Committee's mission.

The members of Audit Committee shall not be prevented from participating in other Committees of the Board of Directors.

## **Chapter 5. Competencies of the Audit Committee**

The Audit Committee has the following main duties:

- a) In matters of coordinating the internal audit activity, the internal control and risk management
  - a.1. Approves the Charter of Internal Public Audit Department;
  - a.2. Endorses drafting/updating the Draft Enforcement Guidelines specific for the internal audit activity within Romgaz;
  - a.3. Endorses the annual and multiannual internal audit plan and monitors its fulfilment;
  - a.4. Analyses and makes recommendations on the sphere of competency of the Internal Public Audit Department and ensures that it has all the adequate resources and access to information in order to perform its activity in an efficient manner and in accordance with the relevant professional standards;
  - a.5. Monitors and reviews the activity of Internal Public Audit Department to ensure that it acts efficiently and independent from the executive management and fulfils its duties in an impartially, competently and with professional diligence;
  - a.6. Monitors the changes which occur within the personnel of the Internal Audit Compartment (employment, transfers, resignations, dismissals);
  - a.7. Recommends with respect to the selection criteria of the auditor/internal auditor;
  - a.8. Recommends on the appointment and dismissal of the head of the Internal Public Audit Department and evaluates his-her performances;
  - a.9. Analyses in each meeting the report sent by the head of the department on the implementation status of the most recent conclusions and recommendations included in the internal public audit reports.
  - a.10. Monitors and reviews the efficiency and the adequacy of the Company's internal control systems and analyses the relevant reports submitted by the executive management;
  - a.11. Receives and evaluates the periodical reports submitted by the risk management department (at least half yearly) on the Company's risk profile, the implementation status and the efficiency of the risk management system;

<sup>3</sup> At Investors/Corporate Governance/Structure Of The Board Of Directors

- a.12. Monitors systematically all main major risk categories and ensures their efficient management;
- a.13. Periodically informs the Board of Directors on the main risks taken by the Company;
- a.14. Monitors the efficiency of internal control, internal audit and risk management systems;
- a.15. Assist the Board of Directors to elaborate the Statement of the engagement on implementing the risk management policy and applying the mechanisms of the internal control system<sup>4</sup>;
- a.16. Evaluates, at least annually, the internal/management control system. The evaluation will consider the efficiency of the internal public audit, adequacy of risk management reports and internal control presented to the Audit Committee, the promptitude and efficiency of settling the weaknesses / deficiencies identified further to the internal control;
- a.17. Informs the Board of Directors on the results of the annual evaluation and on the recommendations/proposals on improving the internal/management control system;
- a.18. The annual evaluation report of the internal/management system prepared by the Audit Committee will be presented to the shareholders in the GMS meeting on annual financial statements. The report will be published both together with the documents of the applicable GMS meeting as well as separately on the Company's webpage<sup>5</sup>.
- a.19. Reviews the chapter on internal control and risk management from the Director's Report.

b) In matters of monitoring the financial reporting process:

- b.1. Monitors the accounting and financial policies;
- b.2. Analyses and verifies the correctness of annual and interim consolidated financial statements of the Company and any other financial reporting, prior to their submission for approval of the Board. In order to fulfil these duties, the Audit Committee shall pay special attention to the following aspects:
  - compliance with the accounting standards and requirements provided by laws and current regulations;
  - how much are the financial statements affected by any significant or unusual transactions performed during the year and the manner of reporting such transactions;
  - the methods used to substantiate the significant or unusual transactions when more approaches are possible;
  - the clarity, the completeness and adequacy of the reporting;
  - any significant adjustments proposed by the external auditor;
  - the consistency of accounting policies and any amendments to these policies.
- b.3. Monitors the financial reporting process and analyses the deficiencies of the internal control in such matters, communicated by the external auditor;
- b.4. Monitors the statutory audit of annual financial statements and of consolidated annual financial statements;
- b.5. Informs the Board of Directors on the results of the statutory audit and explains the contribution of such statutory audit to the integrity of the financial reporting and the role of the audit committee in this process;

<sup>4</sup> The Statement will be published on the Company's website

<sup>5</sup> at Investors/Corporate Governance/Reference Documents

- b.6. Periodically drafts, reviews and submits for the approval of the Board of Directors the Policy related to transactions with affiliates, published on the Company's<sup>6</sup> webpage.
- c) Related to the coordination of the statutory auditor selection or audit firm activity:
- c.1. It is in charge with the statutory auditor or audit firm selection;
  - c.2. Reviews and submits for approval of the Board of Directors the statutory auditor selection criteria;
  - c.3. Reviews the report of the selection procedure and provides a recommendation to the Board of Directors on the appointment of the statutory auditor or the audit firms;
  - c.4. Develops and implements the policy on the provision of non-audit services by the external auditor, in compliance with the applicable legal provisions and any related relevant ethical recommendations;
  - c.5. Recommends the appropriate compensation of the statutory audit for both the audit service as well as for other services, to allow appropriate audit;
  - c.6. Approves the terms of performance of the external auditors professional relationship, making recommendations on the provisions of the audit contract; reviews the contract of the auditor/audit firm appointed by GMS;
  - c.7. Approves contracting of non-audit services performed by the statutory auditor;
  - c.8. Ensures the transition between auditors from the access to information perspective;
  - c.9. Monitors and evaluates periodically the efficiency, independence and objectivity of the external auditors;
  - c.10. Organizes periodical meetings with the external auditor, especially during the audit planning, performance and reporting phases to discuss aspects of the audit process, possible deficiencies of the internal control procedures and conclusions of the audit mission.
  - c.11. Proposes the Board of Directors on specific domains where additional verification by the external auditor might be needed;
  - c.12. Reviews the audit conclusions with the external auditor and discusses any essential issues that may arise.
- d) Related to coordination of Conformity, ethics and conflict of interests activity:
- d.1. Ensures conformity of Company policy and practices with local and international laws and regulations, with regulatory authority recommendations and best practices;
  - d.2. Takes all necessary steps to ensure adoption by the Company of the Code of Ethics, Professional Conduct and Conflict of Interests Policy;
  - d.3. Reviews half-year reports on the compliance with the code of conduct;
  - d.4. Provides counselling on ethics and conflict of interest to the members of the Board of Directors and to the Director General;
  - d.5. Reviews and submits to the Board of Directors an opinion on any Company transaction with other companies with which it has close relationship, that is equal or exceeds 5% of the net assets of the company (according to the last financial report);
  - d.6. Elaborates, periodically reviews and submits for approval of the Board of Directors the Policy on the affiliated parties;
  - d.7. Reviews periodically or at least upon their appointment, the directors declarations of independence;

<sup>6</sup> at Investors/Corporate Governance/Reference Documents

d.8. Evaluates annually on the basis of the declarations of independence, minutes of meeting and other relevant notifications the occurrence of conflict of interest of every director and notifies the BD accordingly.

e) Other duties and responsibilities:

- e.1. Submits quarterly activity reports to the Board of Directors;
- e.2. Reviews periodically the Committee Charter and submits any necessary modification for the approval of the Board of Directors;
- e.3. Evaluates its own performance and prepares a plan for the next year that will be submitted for approval to the Board of Directors.

The Audit Committee has the authority to lead or authorize the investigations considered necessary for its area of responsibility. If it is considered necessary, the committee is authorized to:

- Request the external consultants, financial auditor, internal auditors or other persons/specialist/experts opinions or assistance in performing an investigation;
- Request the necessary information from employees or other concerned third parties;
- Organize and meet with Company's employees or with Company's consultants.

## **Chapter 6. Audit Committee Meeting**

The Committee will meet periodically, at least four (4) times a year, as well as exceptionally, as the case may be. Committee members are obliged to participate actively in the meetings.

### **6.1. Audit Committee Secretariat**

Attached to the Board of Directors is the GMS and BD Secretariat, consisting of personnel hired by the Company, in charge for performing all the formalities related to the relationship between the shareholders and the directors, including the organization of GMS, Board of Directors and Consulting Committees meetings.

Committee Secretary is appointed from the members of GMS and BD Secretariat at the recommendation of the Committee Chairmen. Committee Secretary will write the minutes of the meetings and the adopted decisions and will assist the Committee in carrying on its activities.

### **6.2. Convening of Meetings**

The Committee meetings will be convened by the Chairmen of the Committee: (i) by default or (ii) upon the request of at least two (2) members of the Committee.

The Audit Committee meetings are held by actual meeting of its members at the Company headquarters or in any other location established in the convening notification, or by conference call or videoconference if the Chairmen so decides. For the conference calls the procedure included in the Charter of the Board of Directors is applicable.



The Meetings of the Audit Committee shall be organised prior to the Board meeting scheduled for the respective month, in order to prepare the reports for the Board in due time.

The Chairmen may request the Audit Committee to adopt decision on certain documents by e-mail, fax or letters. A written decision signed or approved by letter, e-mail, telegram or fax by all Committee members shall be valid and will have the same effect as a decision adopted in a meeting of the Committee.

The convening notice of every Audit Committee meeting will include at least: (i) the place of the meeting, indicating the address or the communication mean in case of conference call or videoconference (ii) the date and hour of the meeting (iii) the agenda of the meeting.

The agenda of every meeting shall be submitted to all Audit Committee members and to any other person whose presence is required, at least five working days before the meeting date. The informative documents shall be provided at the same term to the members of the Audit Committee and to the other participants, as the case may be. The documents can be submitted via e-mail.

The Audit Committee may invite at the meetings any director, manager or any other person (employee, associate etc.) who can contribute to the fulfilment of its duties, as it considers.

The head of the Internal Public Audit Department will participate in all meetings without the right to cast a vote, except when the Chairman of the Audit Committee considers that his/her participation is not required.

### **6.3. Meeting Procedure**

The Audit Committee meetings will be chaired by the Chairmen of the Committee.

The quorum required for a valid Audit Committee meeting is made of at least half of the committee members (including the Committee Chairmen). Participation of a member in a meeting by video or conference call shall be considered valid for the scope of the quorum.

Each member of the Audit Committee shall have the right to cast personally or by representative a single vote related to a decision of the Committee. In case of vote parity the Chairmen vote shall be decisive.

The direct vote may be casted also by correspondence or electronically, under the terms set by the Board.

Other elements related to vote casting provided in the Charter of the Board of Directors are applicable to Audit Committee meetings.

To be valid, the consulting committees' decisions have to fulfil, cumulatively, the following conditions: (i) to be taken in the presence of the committee members' majority and (ii) to be voted by the majority of casted votes.

If the Committee Chairmen cannot exercise his/her competencies, he/she can mandate another person to exercise the competencies, including the vote casting, based on a special mandate.

#### **6.4. The Minutes of Meeting and the Committee Note**

For every consulting committee meeting a minute of meeting is prepared that will include: (i) the place and date of the meeting, (ii) first name and last name of the attending members, (iii) decisions made, (iv) number of casted votes for every decision, and (v) upon request, minority reports.

The minutes of meeting shall be signed by all members who attended the meeting, including by the Chairmen of the Committee.

The Committee Note is issued on the basis of the minutes of meeting and it will include all the decisions made in the meeting. The note is signed by the Chairmen of the Committee and is submitted to the Board of Directors.

For every meeting of the Committee a meeting file is prepared which will comprise: (i) the convening documents, (ii) the documents presented at the meeting to support the items of the agenda, (iii) the Minutes of meeting and the Committee Note, (iv) the power of attorneys based on which the votes by representation have been casted, (v) the letters by which the votes by correspondence have been casted and (vi) the copies, certified by the Committee Secretary, of the letters by which the vote by electronic means have been casted.

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

This Charter of the Audit Committee was approved by Romgaz's Board of Directors on October 10, 2022.

Following annexes: *Annex 1. Monitoring and Evaluation of the Audit Committee Activity Model Report* and *Annex 2. Calendar for Implementation of Recommendations, Follow-up of Recommendations* are part of this Charter.

After entry into force, after its approval, this document will be revised whenever necessary.

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

### MONITORING AND EVALUATION OF THE AUDIT COMMITTEE ACTIVITY REPORT

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

#### Composition of the Audit Committee

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

#### Performed Activity

##### 1. Consultations

Includes the discussions and work meetings with the executive management of the Company, as the case may be; the functional departments within the Company with whom discussions were held shall be mentioned.

##### 2. Analyses

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

##### 3. Performed works

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

##### 4. Proposals, measures, recommendations

Making proposals, taking measures, recommendations based on consultations, analyses and performed works. They are provided in the work forms: Calendar for Implementation of Recommendations, Follow-up of Recommendations which is part of this Charter (Annex 2).

##### 5. Distribution List

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

#### The Audit Committee (signatures)

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

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

Item No.	Date of meeting	Recommendation	Planned Date	Responsible for Implementation

Secretary,

**FOLLOW-UP OF RECOMMENDATION**

on .....

Item No.	Date of meeting	Recommendation	Responsible for implementation	Implementation follow-up on .....			
				Implementation	Date of implementation	Partially implemented	Not implemented

Secretary,