

S.N.G.N. ROMGAZ S.A.

CORPORATE GOVERNANCE RULES



CONTENTS

1. Preamble

2. Corporate Bodies

- The General Meeting of Shareholders
- The Board of Directors
- The Director General

3. Transparency and Financial Reporting

4. Shareholder's Rights

5. Conflict of Interests and Related-Parties Transactions

6. Treatment of Corporate Information

7. Social Responsibility

8. Final Provisions

1. Preamble

Societatea Nationala de Gaze Naturale ROMGAZ SA (hereinafter referred to as „ROMGAZ” or the „Company”) is the largest natural gas producer and supplier in Romania, having as main business segments: natural gas exploration, production and supply, underground gas storage and electric power production.

Romgaz mission: performance, competition and continuous growth of the company’s value both for us and for the shareholders by means of a better valuation of the human potential and assets, of predictable and profitable business deals and of a better risk management.

Starting with November 12, 2013, the shares issued by the Company are traded on the regulated market governed by Bucharest Stock Exchange. At the same time, shares issued by the Company are underlying Global Depositary Receipts (GDRs) issued by The Bank of New York Mellon, with the consent of the Company. GDRs are traded on London Stock Exchange.

The relation with the shareholders and investors is a very important one, therefore ROMGAZ seeks to build long term relationships based on trust and continuous communication.

From the company’s perspective the relationship with shareholders and investors is governed mainly by corporate governance, Romgaz wishes hereby to maximise its benefits as listed company.

The purpose of this Corporate Governance Rules is to align the Company with the principles of Bucharest Stock Exchange Corporate Governance Code, by complying with best international practices.

2. Corporate Bodies

ROMGAZ corporate bodies are: the General Meeting of Shareholders, the Board of Directors and the Director General.

ROMGAZ is a company managed in an one-tier system by the Board of Directors.

The Board of Directors delegated the authority to manage the company to a Director General, in accordance with the effective and applicable legal and statutory provisions.

2.1. General Meeting of Shareholders

The General Meeting of Shareholders is the highest management and decision-making body of the Company.

General Meetings of Shareholders are ordinary and extraordinary.

2.1.1. Ordinary General Meeting of Shareholders

The Ordinary General Meeting of Shareholders has the competence to decide on any matter related to the Company's business, concerning mainly current and periodical management issues.

Mainly, the Ordinary General Meeting of Shareholders has the following responsibilities and duties:

- to discuss, approve or amend, as the case may be, the annual financial statements of the company based on the reports submitted by the Board of Directors and the financial auditor, and to set the dividends due to shareholders;
- to discuss, approve or request, as the case may be, the addition to or review of the company's business management plan by complying with legal provisions.
- to set the income and expenditure budget for the following financial year;
- to appoint and to dismiss the Board members and to set their remuneration;

- to pronounce on the governance of the directors;
- to appoint and to dismiss the financial auditor and to set the minimum term of the financial audit contract;
- to decide with respect to contracting of medium and long term bank loans, including external loans, to set the competences and the level of the internal or external bank loans, trade credits and guaranties for such loans;
- to decide with respect to pledging, renting or dissolving one or more organisational units of the company.

2.1.2. Extraordinary General Meeting of Shareholders

The Extraordinary General Meeting of Shareholders has the competence to decide on matters related to the existence and structure of the Company as well as on special issues that may occur during the operation of the Company.

Mainly, the Extraordinary General Meeting of Shareholders has the following responsibilities and duties:

- to change company's legal form;
- to move the headquarters;
- to change the company's scope of activity;
- to incorporate or dissolve secondary headquarters: branches, agencies or such other units without legal personality;
- to increase the share capital;
- to reduce the share capital or to restore it by issuing new shares;
- the merger with other companies or the unbundling of the company;
- the anticipated winding up of the company;
- to convert nominal shares into bearer shares, or of bearer shares into nominal shares;
- to convert shares from a category into the other;
- to convert one category of bonds into another one or in shares;

- to issue bonds;
- to conclude the documents related to the acquisition of non-current assets whose value exceeds, separately or cumulatively, during a financial year, 20% of the total non-current assets of the company, except for receivables;
- to conclude the documents related to disposal, exchange and set up of guaranties referring to non-current assets whose value exceeds, separately or cumulatively, during a financial year, 20% of the total non-current assets, except for receivables;
- to conclude the documents related to rental of tangible assets to the same contractors or to persons involved or acting together, whose value exceeds, separately or cumulatively, 20% of the total tangible assets, except for receivables;
- any other change in the articles of incorporation or any other resolution that requires the approval of the Extraordinary General Meeting of Shareholders.

2.1.3. Convening of the General Meeting of Shareholders

The General Meeting of Shareholders is convened by the Board of Directors whenever necessary.

At the shareholders' request, representing individually or together, at least 5% of the share capital, the Board of Directors immediately calls the General Meeting of Shareholders. The date of the meeting cannot be set earlier than 30 days after the publication of the convening notice in the Official Gazette of Romania, Part IV, and in one widely-spread Romanian newspaper.

The Convening shall include the place, date and time of the meeting, the agenda, mentioning all matters to be debated, the reference date, the methods and procedures for exercising the voting right, as well as the place, date and time of the second convening, if the first meeting is not held.

According to the applicable laws, including regulations on the capital market, the convening of the General Meeting of Shareholders, draft resolutions

submitted to the General Meeting of Shareholders, the documents to be presented to the General Meeting of Shareholders, the special power of attorney as well as the voting ballots for the vote by correspondence are published on the Company's website after the convening notice is published.

2.1.4. Quorum and majority requirements for General Meeting of Shareholders

a) Ordinary General Meeting of Shareholders

For the first convening, the presence of shareholders holding at least half of the total number of voting rights is required in order for the Ordinary General Meeting of Shareholders to be valid. Resolutions of the Ordinary General Meeting of Shareholders shall be made by the majority of casted votes.

For the second convening, the Ordinary General Meeting of Shareholders will be able to make decisions irrespective of the quorum and with the majority of votes casted.

b) Extraordinary General Meeting of Shareholders

For the first convening, the presence of shareholders holding at least half of the total number of voting rights is required in order for the Extraordinary General Meeting of Shareholders to be valid. Resolutions of the Extraordinary General Meeting of Shareholders shall be made by the majority of casted votes.

For the second convening, the presence of shareholders holding at least $\frac{1}{4}$ of the total number of voting rights is required, for the Extraordinary General Meeting of Shareholders to be valid.

Decisions on changing the main scope of activity, reducing or increasing the share capital, change of legal form, merger, unbundling or dissolution of the Company shall be made by a majority of at least $\frac{2}{3}$ of the voting rights held by present or represented shareholders.

If, for a decision of the General Meeting of Shareholders to be valid, there are legal provisions mandatory stipulating a different quorum or a different majority of votes, such laws shall apply accordingly.

2.1.5. The Procedure

The company has set, shall set, implements and shall implement procedures and rules for the organization and carrying out of General Meeting of Shareholders.

ROMGAZ has set, shall set, implements and shall implement internal procedures and rules carrying out the required formalities in connection with maintaining relations with the capital market and the investors.

The department responsible for the relation with the investors can be contacted at the following e-mail address: investor.relations@romgaz.ro.

The company complies with all laws that regulate the conduct of the General Meeting of Shareholders.

2.2. The Board of Directors

The Company is governed by a Board of Directors responsible for carrying out all acts required and useful for achieving the Company's scope of business, except for acts provided by law as responsibility of the General Meeting of Shareholders.

The Board of Directors operates as a collective body, based on complete and accurate information.

The Board of Directors may delegate powers to manage the Company according to terms and limits provided by law and the Company's Articles of Incorporation.

The Nomination and Remuneration Committee and the Audit Committee were established within the Board of Directors. The Board of Directors may also establish other advisory committees.

2.2.1 Board of Directors' basic competencies:

- setting the Company's core business and development directions;
- approval of the Company Management Plan;
- setting the accounting policies, the financial control system and the financial planning;
- appointment and revocation of the executive directors, including the director general and establishment of their remuneration;
- supervising the executive directors' activity;
- organization of the General Meetings of Shareholders, and enforcement of their resolutions;
- drafting the annual Board of Directors' report;
- filing for insolvency of the Company;
- other competencies that cannot be delegated, according to the law.

2.2.2. Structure and appointment of Board of Directors

The Board of Directors is composed of seven (7) directors, of whom one is appointed Chairman of the Board of Directors.

The Board of Directors is composed of six (6) non-executive members (non-executive directors) and one executive member (executive director, respectively director general).

The Board of Directors' structure ensures a balance between executive and non-executive directors so that no individual or small group of individuals can dominate the Board's decisional process.

The majority of the Board of Directors' members shall be independent directors. Resigning the mandate as independent director shall be accompanied by a detailed statement on the resignation reasons.

The Board of Directors' members shall continuously update their skills and improve their knowledge on the Company's activity and on the best practices of corporate governance in order to fulfill their role in the Board of Directors.

The Board of Directors has established a Nomination and Remuneration Committee which coordinates the process of appointing members of the Board and makes candidate recommendations for the director position and to fill the vacancies in the Board of Directors.

The list of candidates for the director position together with detailed information attached to it is submitted to the Company at least 15 days prior to the General Meeting of Shareholders that elects the members of the Board, and is published on the Company website in due time.

The term of the Board's members mandate is 4 years.

2.2.3 The Remuneration of the Board of Directors

The Nomination and Remuneration Committee elaborates the remuneration policy for the directors and the director general, aligning these proposals to the remuneration policy adopted by the Company.

The Remuneration of non-executive directors is proportional to their responsibilities and time devoted to their duties.

The total amount of direct and indirect remuneration of directors and director general is presented in the Annual Report, separated between fixed and variable components.

2.2.4 Convening of and Conducting the Board of Directors Meetings

The Board of Directors convenes as often as necessary, but at least every three months.

Board of Directors meetings shall be convened by the Chairman or upon the reasonable request of at least 2 directors or the director general.

The Board of Directors meetings are usually held by meeting in person of the directors.

Meetings of the Board of Directors may be also held by conference call or videoconference, under the terms established in the Board of Directors' resolution.

The procedure for organizing and conducting the Board of Directors meetings is presented in the Company's Articles of Incorporation and the Board of Directors' Terms of Reference.

2.2.5 The Audit Committee

The Audit Committee is composed of four (4) members, exclusively non-executive directors and a sufficient number of independent directors.

The Audit Committee shall meet whenever necessary, but at least twice a year, when the half-year and the annual financial statements are drafted. The Audit Committee ensures that the half-year and the annual financial results are made public for the shareholders and the public.

The Audit Committee has the following main responsibilities and duties:

- monitors the financial reporting process;
- monitors the efficiency of the internal control systems, internal audit system and risk management system;

- monitors the statutory audit of annual financial statements;
- verifies and monitors the independence of the statutory auditor or of the audit firm;
- recommends to the Board of Directors the appointment of a statutory auditor.

2.2.6 The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of five (5) members, exclusively non-executive directors and a sufficient number of independent directors.

The Nomination and Remuneration Committee has the following main responsibilities and duties:

- identifies director selection criteria;
- makes proposals for the director position;
- drafts and submits proposals to the Board of Directors regarding the procedure for the candidates' selection for director or other management positions;
- identifies objective criteria required to establish the remuneration scheme based on performance;
- drafts the remuneration policy for the directors and director general.

Remuneration policy and criteria for directors and director general will be published on the Company's website.

2.3. The Director General

The Board of Directors delegates managing competencies of the Company to one of the Company's directors, namely to the director general.

The director general is responsible for taking all measures relating to the management of the Company, within the scope of its activity and the competencies exclusively reserved by law or the Articles of Incorporation of the Company, the Board of Directors and the General Meeting of Shareholders.

The General Director has the following main responsibilities:

- approving the Company's organization and functional structure;
- approving the Organization and Operation Rules of the Company, as well as other internal documents regulating the activities of the Company's employees;
- approving the hiring, promotion and dismissal of employees;
- approving the job tasks and duties for the Company's employees.

The director general has the obligation to periodically inform the Board of Directors on how the delegated powers are performed and the right to request and obtain instructions about the exercise of delegated powers.

The director general represents the Company in connection with third parties.

The director general has the authority to grant proxies or to delegate the exercise of the powers of representation of the Company under the terms set in the Board of Directors resolution whereby powers of the Company's management were delegated to the director general.

3. Transparency and Financial Reporting

ROMGAZ is a listed company that complies to the information requirements imposed by the capital market regulations.

ROMGAZ prepares and publishes relevant interim and continuous information in accordance with high quality standards of accounting and financial reporting (IFRS).

At least once a year, ROMGAZ shall initiate meetings with financial analysts, brokers, rating agencies and other market experts aiming at providing financial elements relevant for investment decisions.

ROMGAZ has set, shall set, implements and shall implement internal procedures carrying out the required formalities in connection with maintaining relations with the capital market and the investors.

Investor information can be accessed on the Company's website (www.romgaz.ro), section *Investor Relations*.

4. Shareholders Rights

The Company respects the rights of its shareholders and provides an equal and fair treatment.

The Company has set, shall set, implements and shall implement procedures and rules to provide orderly and efficient performance of the General Meetings of Shareholders so as to guarantee the right of any shareholder to freely express its opinion on the issues under consideration during the General Meetings of Shareholders.

The company provides to its shareholders access to relevant information, so that they may exercise all their rights in an equitable manner.

The company has designed on its website a section dedicated to investor relations in order to facilitate access for shareholders to the following (not limited to):

- convening of General Meetings of Shareholders;
- procedures and formalities regarding access and participation to General Shareholders Meetings (exercise of voting rights, how to introduce an item on the agenda, the special power of attorney for representation, special power of attorney for voting by correspondence);
- current reports;
- annual, half-year and quarterly financial reports;
- financial calendar.

5. Conflict of Interest and Related Parties Transactions

The Company's directors and the director general will make decisions in the interest of the Company and shall not engage in debates or decisions that create a conflict between their personal interests and those of the Company or of any subsidiary controlled by the Company.

The Company shall establish and implement internal procedures that ensure the identification of conflicts of interest and shall adopt the required measures to prevent such.

Each member of the Board of Directors and the director general of the Company shall ensure the avoidance of any direct or indirect conflict of interest with the Company or any subsidiary controlled by it.

Each Director and the director general shall inform the Board of Directors on conflicts of interest as they arise and will abstain from debates and voting on relating matters, in accordance with the applicable legal provisions.

In order to ensure the fulfillment of ROMGAZ legitimate interest (substantial procedural fairness) in transactions with stakeholders, the Board Members and the director general use at least the following:

- maintaining the Board of Directors or the General Meeting of Shareholders competence, as applicable, to approve the most important transactions to be concluded with the parties involved;
- requesting from the control structures a preliminary opinion on the most important transactions to be concluded with the involved parties;
- entrusting negotiations concerning transactions to be concluded with the parties involved, to one or more independent directors or to directors unrelated to the respective parties;
- referring to independent experts.

For ROMGAZ employees, the code of conduct defines the conflict of interest and its regime, and provides means of identification, avoidance and resolution of conflict of interest.

6. Treatment of Corporate Information

The Company's directors and the director general shall keep the confidentiality of documents and information acquired during the performance of their mandate and shall comply with the procedure adopted by the Company for the internal handling and disclosure to third parties of such documents and information.

The company has set, shall set, implements and shall implement procedures for the internal handling and disclosure to third parties of documents and privileged information and/or classified information concerning the Company.

7. Social Responsibility

ROMGAZ wants to be a responsible player on the natural gas market, considering social involvement as part of its strategy. According to the principles of corporate social responsibility, ROMGAZ aims at achieving economic success in an ethical manner, with respect for its employees, community and environment.

Social responsibility is for ROMGAZ a business culture that include business ethics, customer rights, economic and social equality, environmentally friendly technology, fair labor treatment, transparent relationships with the public authorities, integrity and community investment.

ROMGAZ aims to have an active communication with public authorities, companies and civil society to ensure the premises for overcoming present and future difficulties.

ROMGAZ is constantly looking for increasing the involvement of employees, their representatives and trade unions, and of people outside the Company interested in developing and implementing the Company's social responsibility practices.

8. Final Provisions

ROMGAZ adheres and applies willfully the provisions of the Bucharest Stock Exchange Corporate Governance Code.

ROMGAZ annual report will include the "Comply or Explain" Statement on compliance or non-compliance with the Corporate Governance Code issued by Bucharest Stock Exchange. In case of non-compliance with the provisions of Bucharest Stock Exchange Corporate Governance Code, ROMGAZ will provide complete explanations.