The Romanian Government The Ministry of Energy

INITIAL COMPONENT OF THE SELECTION PLAN FOR THE POSITIONS AS MEMBERS OF SNGN ROMGAZ S.A. BOARD OF DIRECTORS

I. PREAMBLE

Societatea Nationala de Gaze Naturale "Romgaz" S.A. (SNGN Romgaz SA, the Company) is a national company, having as main business (1) natural gas exploration and production, (2) natural gas supply, (3) underground gas storage and (4) electricity generation and supply.

Societatea Nationala de Gaze Naturale "Romgaz" S.A. was established by Government Decision No.575/2001 by merger between Societatea Comerciala de Explorare si Productie a Gazelor Naturale "Exprogaz" S.A. and Societatea Nationala de Depozitare Subterana a Gazelor Naturale "Depogaz" S.A.

As of November 12, 2013, company's shares are traded on the regulated market governed by BVB (Bucharest Stock Exchange) and on the regulated market governed by LSE (London Stock Exchange).

ROMGAZ performs geological exploration to discover new gas fields, produces methane by exploiting gas fields from the company's portfolio, performs underground gas storage activities and also well workover, recompletions and special well operations and professional technological transportation services.

In 2013, ROMGAZ extended its activity by taking over Iernut thermal power plant, becoming electricity producer and supplier.

SNGN Romgaz SA share capital is RON 385,422,400 fully subscribed and paid in, split in 385,422,400 nominative shares (including shares underlying GDR's) issued in dematerialised form, with nominal value of 1 RON/share.

SNGN Romgaz SA shareholding structure on September 30, 2021 was the following:

Shareholder	% in the share capital	Number of shares
The Romanian State through the Ministry of Energy	70.0071 %	269.823.080
Legal persons	24.9584 %	96.195.290
Natural persons	5.0345 %	19.404.030
Total	100%	385.422.400

SNGN Romgaz SA is governed under an one-tier system. Currently, the Company is governed by a Board of Directors consisting of 7 members, out of which: 6 non-executive members and 1 (one) executive member. Board members are appointed for a 4 (four) months interim term of office, as of September 13, 2021 until January 13, 2022, according to GMS Resolution 7/September 9, 2021.

The selection procedure of Romgaz board members is developed in accordance with *GEO 109/2011 on corporate governance of public companies*, approved as amended and supplemented by Law No.111/2016

(GEO 109/2011) and GD 722/2016 on approving enforcement guidelines to implement certain provisions of Government Emergency Ordinance No. 109/2011 on corporate governance of public companies (GD 722/2016).

The selection procedure is carried out in order to ensure transparency and professionalism of board members according to corporate governance standards for public enterprises, in line with the Corporate Governance Principles of the Organization for Economic Cooperation and Development. In order to meet this goal, the Ministry of Energy as Competent Authority proposes this Initial Component of the Selection Plan and submits it to the Nomination and Remuneration Committee of SNGN Romgaz SA Board of Directors and to company shareholders for review and suggestions in order to finalize it.

II. SCOPE AND APPLICABILITY OF THE SELECTION PLAN – INITIAL COMPONENT

According to GD 722/2016, the selection plan is "the draft document setting out the timeline for the selection procedure from the initiation date of the selection procedure to the appointment date of the persons nominated as board members and is structured on two components: the initial component, which is drawn up within 10 days from the procedure initiation date, and the integral component, which is drawn up after the establishing the selection committee, the selection of the independent expert or the start of the selection procedure by the nomination and remuneration committee of the board, as appropriate.

The initial component of the selection plan is defined in Article 1, point 8 of Annex 1 to GD. 722/2016 and is "the draft document to be drawn up at the beginning of the selection period and includes, but is not limited to, the key aspects of the selection procedure, identifying the starting date of the selection procedure, the documents to be submitted, the requirements regarding the independent expert if it is decided to contract an expert, the date of completion of the selection plan in its entirety and other elements that may be known before the appointment of the directors."

This initial component of the selection plan is developed with the scope of recruiting and selecting 7 (seven) board members for SNGN Romgaz S.A. Board of Directors for a term of office of 4 (four) years in compliance with GEO 109/2011 and GD 722/2016.

The scope of the initial component is to create a basis for the integral component of the selection plan. The reference terms for the independent expert are proposed based on the initial component of the selection plan. The draft of the initial component of the selection plan will be published on the website of the Ministry of Energy, as competent authority, within 5 days from the initiation date of the selection procedure, to be reviewed by the other shareholders and by the Nomination and Remuneration Committee of Romgaz Board, in order to make proposals to finalize it. If the above mentioned parties involved in the selection procedure do not send opinions/proposals to amend and/or supplement the selection plan within the legal deadline, it is considered that the selection plan – the initial component – was accepted by default.

The initial component of the selection plan shall be finalised within maximum 10 days from the initiation date of the selection procedure.

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 draft documents. The selection plan, in its entirety, will be prepared by the recruited independent expert.

III. PRINCIPLES

The initial component of the selection plan is drafted clearly so that all key aspects of the selection procedure could be determined, in compliance with GEO 109/2011 and GD 722/2016.

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

IV. MANDATORY DOCUMENTS FOR THE SELECTION PROCEDURE

According to Art.4 of Annex 4 to GD 722/2016 the initiation date of the selection procedure is the date when the general meeting of shareholders, convened at the request of the major shareholder, decided to initiate the selection procedure of board members. Therefore, OGMS Resolution No.9/October 27, 2021 approved at Art.2 to initiate the selection procedure of Societatea Nationala de Gaze Naturale "ROMGAZ" SA members of the Board of Directors in compliance with the provisions of Government Emergency Ordinance 109/2011 on corporate governance of public companies, approved and supplemented by Law 111/2016 and to organise the selection procedure by the Ministry of Energy on behalf of the shareholder the Romanian State.

The selection procedure of Romgaz board members shall be carried out by an independent expert, according to art. 29, para (5) of GEO 109/2011 and shall be finalised within 150 days at the latest, as of the initiation date, in line with the provisions of art. 64⁴ para (3) of the same ordinance.

IV.1. LETTER OF EXPECTATIONS

The letter of expectations is part of the set of mandatory documents for initiating the selection procedure of board members and represents a draft document by which the competent authority together with shareholders, representing individually or together, 5% of the public company's share capital, sets the performances expected from governing and management bodies, for a period of 4 years. The letter of expectations is prepared together with SNGN Romgaz SA governing and management bodies.

Consultations with shareholders which hold, individually or together, 5% of SNGN Romgaz SA share capital. Will be organized at the competent authority's headquarters and will be communicated at least 10 days before the actual meeting, by an announcement on the websites of SNGN Romgaz SA and the Ministry of Energy, according to the provisions of Art.9 para (4) of Annex 1c to GD 722/2016.

The final form of the letter of expectations is approved by order issued by the leader of the competent authority, namely the Minister of Energy.

The letter of expectations will be published both on the website of the Ministry of Energy and of SNGN Romgaz SA, together with the short list of candidates at the latest.

IV.2. PROFILE OF THE BOARD OF DIRECTORS

The profile of the board of directors is a document that identifies the capacities, features and requirements that the board needs to develop collectively, taking into account the organisational context, the mission and expectations of the shareholders expressed in the Letter of Expectations and the elements of organisational strategy that exist or need to be developed. The profile contains the board matrix, which gives an expression of these capacities that the board has to possess collectively, through a set of duties, skills, other qualifying conditions, to be fulfilled individually and collectively by board members.

The board profile draft is prepared by the Nomination and Remuneration Committee of SNGN Romgaz SA Board of Directors together with the independent expert, as the case may be, with the competent authority.

The final version of SNGN Romgaz SA Board profile shall be approved by the General Meeting of Shareholders after the endorsement of the Board of Directors as recommended by the Nomination and Remuneration Committee.

IV.3. CANDIDATE PROFILE

The profile of the candidate for the position as SNGN Romgaz SA board member represents the description of the role the candidate is expected to perform, based on the specific field related requirements, as well as the technical competencies and behavioural attributes, experience and specificity the candidate is expected to demonstrate, in line with the mission, objectives and targets of the public company and its stage of development. When drawing up the profile, both mandatory and optional criteria and qualification levels are mentioned, individually and collectively for the entire board, as minimum competence thresholds.

The candidate profile consists of two components:

- a) Description of the role, derived from field related requirements of the public company;
- b) Defining a combination specific for each candidate, consisting of a set of criteria derived from the board profile matrix.

The candidate profile for the position as member of SNGN Romgaz SA board of directors is approved by the General Meeting of Shareholders after the endorsement of the Board of Directors as recommended by the Nomination and Remuneration Committee.

IV. 4. THE SELECTION PLAN

In compliance with GD No.722/2016 the selection plan is the draft document setting out the timeline for the selection procedure from the initiation date of the selection procedure to the date of appointment of the persons nominated as board members and is structured on two components: the initial component, which is drawn up within 10 days from the procedure initiation date, and the integral component, which is drawn up after the establishing the selection committee and the selection of the independent expert.

The selection plan shall be drafted so that the selection procedure is carried out by observing the non-discriminatory principles, equal treatment and transparency and the taking into consideration the specific of the main business of SNGN Romgaz SA, tracking, at the same time, the diversification of duties within the Board of Directors.

According to Art.15 of Annex 1 to GD 722/2016, the selection plan includes, but not limited to, the following:

- a) a summary of key decisions with deadlines and parties involved in the selection procedure;
- b) an inventory of selection stages, decisions to be taken, documents and materials to be prepared, interview plan, deadlines, responsible persons, contact persons for further information and details;
- c) details for each element of the selection procedure as to who is responsible, who can be contacted for support, who must be consulted before decision-making or finalisation, who must be informed after making the decision or finalisation;
- d) a list of contact persons together with all their professional contacts for all structures involved in such selection plan or their authorised representatives;
- e) specify the communication methods to be used;
- f) identify activities to be completed on time or after the deadline;
- g) identify current activities in progress;
- h) identify decisions, materials, issues that still need to be solved, specifying the person responsible;

- i) possible risks and measures to be taken to mitigate these risks, ensuring that the timeframe provided in the Emergency Ordinance is observed, that the rights of the shareholders are observed and that the interests of the public company are safeguarded;
- j) the date and issuer of each version of the selection plan;
- k) confidentiality provisions and access to documents.

The selection plan shall include, but not limited to, sample materials and documents customized and filled in for the Board member selection process, in compliance with art.17 of Annex 1 to GD 722/2016.

The selection plan will clearly state that the submission of applications will be filed both on paper, in a sealed envelope, at the registry office of the competent authority, as well as in electronic format to an e-mail address indicated by the independent expert, strictly dedicated to this project.

The integral component of the selection plan will be prepared by the independent expert together with the Nomination and Remuneration Committee and the competent authority, in compliance with art.14 letter c) of Annex 1 to GD 722/2016.

The completion date of the selection plan - integral component is the execution date of the mandate contract by the Board members selected and appointed in accordance with the provisions of GEO 109/2011 and GD 722/2016.

V. CONTRACTING AN INDEPENDENT EXPERT

Having in mind that SNGN Romgaz S.A. fulfils the two cumulative conditions provided by Art. 29 par.5) – GEO 109/2011, namely it recorded a revenue, in the last financial year, exceeding the equivalent in RON of EUR 7,300,000 and has at least 50 employees, it is mandatory that the candidate selection is carried out by an independent expert, a natural or legal person, specialized in recruiting human resources.

According to Art. 8 para (2) of Annex 1 to GD. 722/2016, the terms of reference for the independent expert are proposed by the competent authority based on the initial component of the selection plan.

The competent authority may request the independent expert to render an advisory opinion on the company's board profile.

In line with the provisions of art.10 of Annex 1 to GD. 722/2016, contracting the services of an independent auditor specialised in recruiting human resources shall be performed in compliance with effective legal provisions and by taking into consideration the criteria mentioned below, but not limited to:

- a) Client portfolio over the last 3 years for selection of board members or managers at public or private companies;
- b) Total value of recruiting contracts over the last 3 years for the selection of board members and managers;
- c) Componence of the project team by reference to the number of experts that can be allocated to the project and their experience in recruiting board members;
- d) Level of experience of the independent expert legal person in recruiting board members/managers in the activity field of the public company;
- e) Project management and the expert's coordination capacity;
- f) Experience in developing the board profile, based on a customised integration of business strategy, organisational, management and governance needs;
- g) Percentage of candidates that were recommended and subsequently selected which kept this position for more than a year, over the last 3 years.

VI. ROLES AND RESPONSIBILITIES

This section defines the main activities to be carried out diligently by the parties involved in the selection process for the positions as members of SNGN Romgaz SA Board of Directors.

VI.1. THE COMPETENT AUTHORITY HAS THE FOLLOWING DUTIES:

- Calls the General Meeting of Shareholders to decide upon the start of the selection procedure of board members:
- Prepares the letter of expectations by consulting the shareholders holding over 5% of the share capital and publishes the letter on its website;
- Collaborates with the other shareholders of SNGN Romgaz SA and with the Nomination and Remuneration Committee to finalise the initial and the integral component of the selection plan;
- Approves the terms of reference for the independent expert, proposed based on the initial component of the selection plan;
- Drafts the final version of the personalised board profile by consulting the shareholders holding over 5% of SNGN Romgaz SA share capital;
- The selection commission informs the shortlisted candidates, that within 15 days from the date the short list was issued or established, they have to submit a written statement of intent to the competent authority;
- Analyses the statement of intention through the selection commission and integrates the results in the candidate profile matrix. The results of the candidate profile matrix are analysed depending on the board profile matrix;
- After finalising interviews, it prepares the reports for the final appointment that includes ranking of candidates and the related justification;
- Authorises its representatives in SNGN Romgaz SA General Meeting of Shareholders to negotiate and to approve the financial and non-financial performance indicators for SNGN Romgaz SA Board of Directors.

VI.2. THE GENERAL MEETING OF SHAREHOLDERS HAS THE FOLLOWING DUTIES:

- decides to initiate the selection procedure of board members;
- approves the Board's profile, after endorsement by SNGN Romgaz SA Board of Directors and as recommended by the Nomination and Remuneration Committee (art.34 letter b) of Annex 1 to GD 722/2016);
- approves the candidate's profile, after endorsement by SNGN Romgaz SA Board of Directors and as recommended by the Nomination and Remuneration Committee (art.36 para (1) of Annex 1 to GD 722/2016);
- appoints the board members from the short list, drafted in compliance with GEO 109/2011 and GD 722/2016;

VI.3. NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD OF DIRECTORS HAS THE FOLLOWING DUTIES:

- drafts the initial component of the selection plan within maximum 10 days from the selection
 procedure start date, together with the competent authority and with shareholders representing
 individually or together 5% of SNGN Romgaz SA share capital and makes proposals in order to
 finalise the document;
- collaborates with the competent authority and/or the independent expert to draft the integral component of the selection plan;
- elaborates the board profile draft and collaborates with the competent authority to draft the final version:
- carries out and updates the analysis of specific requirements that are part of the board profile;
- collaborates in drafting the candidate profile;
- any other duties set by the Articles of Incorporation or by the laws related to the selection procedure of Board members according to GEO 109/2011 and GD 722/2016.

VI.4. THE INDEPENDENT EXPERT HAS THE FOLLOWING DUTIES:

In order to appoint candidates for the positions as SNGN Romgaz SA board members, the independent expert has, according to GEO 109/2011 and GD 722/2016, but not limited to, the following obligations:

- prepares the selection strategy as well as the timeline of the selection procedure;
- collaborates with the competent authority in all activities necessary for the selection procedure;
- sets the selection criteria of board members by taking into account the specific and the complexity of the activities carried out by the company and the letter of expectations;
- collaborates with the competent authority to draft the board profile;
- drafts the candidate profile together with the competent authority;
- drafts the selection plan, namely the integral component of the select ion plan together with the competent authority and with the Nomination and Remuneration Committee, in order to determine all key aspects of the selection procedure and introduces the data in this plan;
- sets the content for the application file for each position as board member;
- elaborates the answers to potential clarification requests in the period between publication of the announcement and the application submission date;
- drafts the announcement related to candidates' selection and ensures publication at least in two economic and/or financial widespread newspapers and on the company's website. The announcement includes the mandatory conditions for candidates and the evaluation criteria:
- carries out and coordinates the activities necessary for preparing the long list. The long candidate list includes all candidates that submitted the complete application file within the term provided by GD 722/2016;
- verifies the information included in the application files that are on the long list;
- sets the score according to the assessment grid for each criteria included in the profile matrix of each candidate, in writing or by giving verbal clarifications;
- requests additional information whenever necessary to provide fairness and accuracy of decisions made. Additional information may be obtained, but not limited to, one or more interviews with the candidates, by verifying the references provided by candidates;
- reviews, improves and validates the accuracy of results based on the score obtained in the candidate profile matrix;
- performs analyses by comparison, by reporting to the profile of the board for the candidates on the long list;

- requests additional clarifications or decides to reject candidate applications if the information provided in files are not conclusive as to reach the minimum selection criteria;
- informs, in writing, the candidates rejected from the long list of the decisions made;
- prepares the answer to potential challenges, after publication of the results of the selection procedure;
- drafts the short list that includes maximum 5 candidates for each position by eliminating them from the long-list in descending order according to the score obtained from the profile matrix. The short list also contains the score obtained by each candidate;
- evaluates the candidates from the short list, makes recommendations in this respect and makes proposals with respect to their remunerations;
- collaborates in drafting the Letter of Expectations, as the case may be, and analyses this draft document that includes the performances expected from governing and management bodies, and the shareholder's policy related to governance and management of the public company, based on which the short-listed candidates prepare a statement of intent;
- analyses the statements of intent in relation to Chapter II of Annex 1d to GD 722/2016;
- contributes to integrate the results obtained after analysing the statement of intent into the candidate profile matrix;
- prepares together with the competent authority the interview plan;
- makes available to the competent authority (selection commission, for the latter to be able to organize and perform its own interviews with the short-listed candidates, but not limited to, the following documents:
 - the candidacy file;
 - the candidate profile matrix;
 - the evaluation report of every candidate included in the short list;
 - the draft of the interview plan;
- collaborates with the competent authority after the interviews, to prepare the report for the final appointment, that includes classification of candidates and the justification thereto;
- prepares the draft of the contracts of mandate in line with the provisions of applicable laws, if required;
- proposes the performance indicators to be monitored in order to measure the company's performance;
- recommends the policy and the remuneration criteria in line with GEO 109/2011;
- assists the competent authority during the integration period of the selected candidates and monitors their performance;
- warrants the occupation of the positions for at least 12 months as of the signing date of the contract of mandate by the candidates selected and appointed as per the law, as members of the Board of Directors of SNGN Romgaz SA. During the warranty period, replacement of Board members who resigned the mandate shall be fully borne by the expert in terms of costs, as the case may be, by observing the procedures stipulated by the legislation in force and the contract.

VII. SELECTION PROCEDURE. ACTION PLAN

This section defines the stages in the selection procedure, the deadlines, the necessary documents as well as the involved parties. The date and deadlines are just for reference. The table below summarizes these elements:

Item no.	Action/Stage	Deadline	Responsible	Observations / Document
1.	Initiate the board member selection procedure	27.10.2021	GMS	GMS Resolution no. 9/27.10.2021
2.	Appoint the competent authority responsible for the selection procedure	27.10.2021	GMS	GMS Resolution no. 9/27.10.2021
3.	Draft the initial component of the selection plan, to be published on the competent authority website, to be reviewed by the Nomination and Remunerating Committee and by the other shareholders	01.11.2021	Competent Authority	Draft Selection plan – Initial component
4.	Proposals on the initial component	4.11.2021	Nomination and Remuneration Committee and shareholders holding over 5% of the share capital	Proposals
5.	Finalise the initial component	06.11.2021	Competent Authority	Selection plan – Initial component
6.	Draft the Letter of Expectations and publishing it on the competent authority's website and on SNGN Romgaz SA website	once with the short list, at the latest	Competent Authority	Letter of Expectations
7.	Contract the independent expert in human resources recruitment	Maximum 5 days from finalising the initial component	Competent Authority	Notes/initiate procedures according to applicable legal provisions
8.	Draft the Board of Directors Profile	7 working days from contracting the independent expert	Nomination and Remuneration Committee and the Independent Expert	BoD Profile draft Matrix Field related requirements
9.	Proposals on the Board of Directors Profile draft	5 working days from submitting the drafts of the previous item	The other shareholders, in compliance with the law	Proposals
10.	Prepare the Board profile	3 working days from receiving the proposals of the previous item	Nomination and Remuneration Committee together with the competent authority and the independent expert	BoD Profile
11.	Prepare the Candidate Profile	7 working days from contracting the independent expert	Independent expert, Nomination and Remuneration Committee and the other shareholders according to law	Matrix Candidate profile
12.	Approval of the BoD Profile (including the Candidate Profile)	30 days from the endorsement of the Board	GMS	BoD Resolution GMS Resolution

Item no.	Action/Stage	Deadline	Responsible	Observations / Document
13.	Publish the selection announcement of BoD candidates	3 working days from GMS approval of BoD profile and the candidate's profile	Independent expert and the Competent Authority	Selection announcement
14.	Submission of application files	30 days from publishing the announcement	Independent expert Candidates	Application file Independent expert report
15.	Evaluation of candidates	15 days as of the first day after the expiration of the file submission date	Independent expert Competent Authority	Long list Interview plan Clarifications Evaluation matrix Short list Statement of intent Form to review the statement of intent Candidate profile matrix Reports issued by the expert
16.	Report for final appointment	5 days from finalising interviews	Competent authority (selection committee)	Report
17.	GMS meeting to appoint Board member according to the proposals resulting from the selection procedure	First day after approving the report for the final appointment	Competent authority	GMS convening notice
18.	Appoint Romgaz board members in compliance with GEO 109/2011	Maximum 150 days from the procedure initiation date (25.03.2022)	GMS	GMS Resolution Contact of mandate
19.	Finalise the integral component of the selection plan	Signing date of contracts of mandate of board members appointed in compliance with GEO 10/2011 (02.08.2018 at the latest)	Independent expert together with the competent authority and the Nomination and Remuneration Committee	Selection plan Integral component

VIII. RULES FOR SETTING-UP SNGN ROMGAZ SA BOARD OF DIRECTORS

- At least two of the Board members shall have economic studies or studies in the field of law and at least 5 years of experience in the economic, legal, accounting, audit or financial field.
- At most two of the Board members may be public officers or from other personnel categories of the competent authority or of other authorities or public institutions.
- The majority of the board members are non-executive and independent members, as specified at Art. 138^2 of Company Law 31/1990 republished, as amended and supplemented from time to time.
- The BoD will be appointed so as to ensure a diversity of duties.

• A member may simultaneously exercise maximum 3 board member mandates and/or member of the supervisory board of a public company or enterprise headquartered in Romania.

IX. FUTURE ACTIONS FOR FINALISING THE SELECTION PLAN

In order to finalise the selection plan, the independent expert together with the competent authority and the Nomination and Remuneration Committee shall carry out the activities necessary to comply with GEO 109/2011 and with GD 722/2016.

In this respect, the independent expert, shall prepare, without limitation thereto, the following documents necessary for the recruiting and selection process:

- profile of the candidate for the position as BoD member;
- announcement related to the selection, for the printed media and online, as the case may be;
- documents related to the letter of intention;
- summaries for each stage of the selection plan;
- interview plan;
- nomination forms for the proposed candidates;
- nomination recommendations;
- contract of mandate draft, as the case may be;
- confidentiality forms;
- statement forms to be filled in by candidates;
- list of confidential elements and of elements that can be made public;
- detailed list of documents necessary for natural and legal persons to submit their candidacy, depending on the stages of the selection procedure;
- list of elements to review the candidates included on the short list.

CONTACT DATA

Entity	Contact data	
Ministry of Energy	Secretariat DAPSE, Str. Academiei 39-41, Sector 1,	
	Bucuresti,	
	office.dgpapse@energie.gov.ro,	
	office.cabinet@energie.gov.ro	
Shareholder holding over 5%		
SNGN ROMGAZ SA		
Independent Expert	After contracting	

The data and deadlines included in this Selection Plan – the Initial Component are for reference only and will be final through the Selection Plan – the Integral Component.