



**SOCIETATEA NAȚIONALĂ DE TRANSPORT
GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**

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Submitted for analysis and approval to the General Ordinary Shareholders Meeting dated

REPORT

On the proposal to approve the procedure related to the appointment of the members in the Board of Administration of The National Gas Transmission Company TRANSGAZ SA Mediaș

SUMMARY

The new corporate governance code adopted by the Bucharest Stock Exchange on 11 September 2015, applicable as of 04 January 2016, brings about a series of amendments to the current corporate governance code of which we would like to point out the following:

- The adoption by the Board of administration of a formal rigorous and transparent procedure for the appointment of the new members of the Board of administration;
- The inclusion in the Rules of procedure and organization of the Board of administration of some provisions related to the conflict of interests;
- Drawing up a policy/guide for the evaluation of the Board of administration (BA);
- Extension of the responsibilities of the Audit Committee and the appointment of a President;
- Elaboration of a policy for the remuneration of the administrators;
- Adoption by the Board of administration of a policy for the distribution of dividends, etc.

In this context the procedure for the appointment of the members of the Board of administration of the National Gas Transmission Company TRANSGAZ SA Mediaș was drawn up. The procedure describes in detail the legal applicable framework and the steps to be taken by the Advisory Nomination and Remuneration Committee, assisted by a specialized agency for recruitment, in view of the appointment of new members in the Board of administration of the National Gas Transmission Company TRANSGAZ SA.

The procedure for the appointment of the members of the Board of administration was endorsed by the Decision of the BA no 4/28.01.2016, art. 10.

PROPOSAL

The approval of the General Ordinary Shareholders Meeting of The National Gas Transmission Company TRANSGAZ SA Mediaș of the procedure for the appointment of the members of the Board of administration of TRANSGAZ SA Mediaș, in the proposed form.

The Board of administration of the National Gas Transmission Company TRANSGAZ SA, operates based on the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, as amended, the companies' Law no. 31/1990, republished as amended from time to time, TRANSGAZ' Incorporation Act, TRANSGAZ updated Bylaws, the Corporate governance code of the Bucharest Stock Exchange and these Rules of procedure and organization.

The Board of Administration comprises, according to the legal provisions, five advisory committees, of which the Advisory Nomination and Remuneration Committee is assisted by an independent expert - natural or legal person specialized in recruiting human resources, selects new members in the Board of administration, according to article 29 of GEO no 109/2011.

The members of the BA are appointed by the General Shareholders' Meeting.

Annexes: The procedure submitted for approval.

Ion Sterian
Chairman of the Board of Administration