

ARTICLES OF INCORPORATION OF  
THE NATIONAL GAS TRANSMISSION COMPANY  
“TRANSGAZ” S.A.

( UPDATED ON 10.04.2017 )

## **CHAPTER I**

### **Name, Legal form, Registered office, Duration and Logo**

#### **ARTICLE 1**

##### **Name**

- 1.** The company name is the National Gas Transmission Company "TRANSGAZ" S.A., hereinafter called TRANSGAZ S.A.
- 2.** In all the acts, invoices, announcements, publications or other acts issued by TRANSGAZ S.A., the company name shall be preceded by the following words "societate pe acțiuni" (public limited liability company) or by the initials "S.A.", the registered office, the Company Number, the sole identification number and the subscribed and paid up capital.
- 3.** If the documents under paragraph 2 are issued by a branch, these shall also mention the trade register office of registration of the branch, and its registration number.
- 4.** The information in paragraphs 2 and 3 above shall also be published on the website of TRANSGAZ S.A.

#### **ARTICLE 2**

##### **Legal form**

TRANSGAZ S.A. is a Romanian legal person, having the legal form of public limited liability company, organized and existing under the laws of Romania and these Articles of Incorporation.

#### **ARTICLE 3**

##### **Registered office**

- 1.** The registered office of TRANSGAZ S.A. is in Romania, Mediaș, 1 Constantin I. Motaș Square, Sibiu County.
- 2.** The registered office of TRANSGAZ S.A. may be relocated to any other locality in Romania, based on a decision of the extraordinary general meeting of the shareholders or of a decision of the board of administration, in accordance with the law and with the Articles of Incorporation.
- 3.** TRANSGAZ S.A. may establish secondary offices, without legal personality, which may be also located in other localities in the country or abroad, offices which shall be organized as branches, bureaus or agencies, subject to the consent of the extraordinary general meeting of the shareholders, in the conditions hereunder.

## ARTICLE 4

### Duration

TRANSGAZ S.A. shall function for an unlimited period, starting with the date of registration with the Trade Register.

## ARTICLE 5

### SNTGN Transgaz SA Emblem

- 1 The emblem consists in the representation of the groups of letters: "TRANSGAZ", in blue characters, with special writing, and below, in smaller characters: "MAGISTRALA ENERGIEI" (ENERGY PIPELINE); to the left it features a blue circle containing a representation of gas pipes; the circle is framed by two grey circular arcs;
2. TRANSGAZ logo may be used on advertisement panels wherever it may be placed, on invoices, letters, purchase orders, fees, prospects, advertisements, publications and in any other way, provided it is accompanied by the company name.



## **CHAPTER II**

### **Scope and Object of Activity**

#### **ARTICLE 6**

##### **Scope**

TRANSGAZ S.A. gives effect to the national strategic goals regarding gas transmission, international transit, cross - border transmission, dispatching, research and design, by performing trading acts related to its object of activity approved by these Articles of Incorporation, in line with the Romanian laws.

#### **ARTICLE 7**

##### **Business activity and Object of activity**

- 1** The business activity of TRANSGAZ S.A. has NACE Code 495 Transport via pipeline
- 2** The main object of activity of TRANSGAZ S.A.: NACE Code 4950 Transport via pipeline
- 3.** TRANSGAZ S.A. may have as secondary object of activity the following operations:
  - NACE Code 1623 –Manufacture of other builders' carpentry and joinery;
  - NACE Code 1814 – Binding and related services;
  - NACE Code 2562 – Machining;
  - NACE Code 2599 – Manufacture of other fabricated metal products n.e.c.;
  - NACE Code 3320 – Installation of industrial machinery and equipment;
  - NACE Code 3511 – Production of electricity;
  - NACE Code 3530 – Steam and air conditioning supply;
  - NACE Code 3812 – Collection of hazardous waste
  - NACE Code 4221 – Construction of utility projects for fluids;
  - NACE Code 4313 – Test drilling and boring;
  - NACE Code 4321 – Electrical installation;
  - NACE Code 4322 – Plumbing, heat and air-conditioning installation;
  - NACE Code 4329 – Other construction installation;
  - NACE Code 4399 – Other specialized construction activities n.e.c.;
  - NACE Code 4511 – Sale of cars and light motor vehicles (below 3.5 tons);
  - NACE Code 4519 – Sale of other motor vehicles;
  - NACE Code 4520 – Maintenance and repair of motor vehicles;

- NACE Code 4671 – Wholesale of solid, liquid and gaseous fuels and related products;
- NACE Code 4677 – Wholesale of waste and scrap;
- NACE Code 4690 – Non-specialized wholesale trade;
- NACE Code 4939 – Other passenger land transport n.e.c.;
- NACE Code 4941 – Freight transport by road;
- NACE Code 4942 – Removal services;
- NACE Code 5030 – Inland passenger water transport;
- NACE Code 5040 – Inland freight water transport;
- NACE Code 5210 – Warehousing and storage;
- NACE Code 5221 – Service activities incidental to land transportation;
- NACE Code 5222 – Service activities incidental to water transportation;
- NACE Code 5520 – Holiday and other short-stay accommodation;
- NACE Code 5590 – Other accommodation;
- NACE Code 5920 – Sound recording and music publishing activities;
- NACE Code 6010 – Radio broadcasting;
- NACE Code 6020 – Television programming and broadcasting activities;
- NACE Code 6110 – Wired telecommunications activities;
- NACE Code 6120 – Wireless telecommunications activities (exclusively by satellite);
- NACE Code 6130 – Satellite telecommunications activities;
- NACE Code 6190 – Other telecommunications activities;
- NACE Code 6399 – Other information service activities n.e.c.;
- NACE Code 6619 – Other activities auxiliary to financial services, exclusively insurance activities and pension funds;
- NACE Code 6810 – Buying and selling of own real estate;
- NACE Code 6820 – Renting and operating of own or leased real estate;
- NACE Code 7111 – Architectural activities;
- NACE Code 7112 – Engineering activities and related technical consultancy;
- NACE Code 7120 – Technical testing and analysis;
- NACE Code 7211 – Research and experimental development on biotechnology;
- NACE Code 7219 – Other research and experimental development on natural sciences and engineering;
- NACE Code 7220 – Research and experimental development on social sciences and humanities;
- NACE Code 7410 – Specialized design activities;

- NACE Code 7430 – Translation and interpretation activities (interpreters);
  - NACE Code 7490 – Other professional, scientific and technical activities n.e.c.;
  - NACE Code 7711 – Renting and leasing of cars and light motor vehicles;
  - NACE Code 7712 – Renting and leasing of trucks;
  - NACE Code 7732 - Renting and leasing of construction and civil engineering machinery and equipment;
  - NACE Code 7733 - Renting and leasing of office machinery and equipment (including computers);
  - NACE Code 7739 - Renting and leasing of other machinery, equipment and tangible goods n.e.c.;
  - NACE Code 7740 – Leasing of intellectual property and similar products, except copyrighted works (exclusively financial);
  - NACE Code 7990 – Other reservation service and related activities;
  - NACE Code 8020 – Security systems service activities;
  - NACE Code 8211 – Combined office administrative service activities;
  - NACE Code 8219 – Photocopying, document preparation and other specialized office support activities;
  - NACE Code 8220 – Activities of call centres;
  - NACE Code 8230 – Organization of conventions and trade shows;
  - NACE Code 8291 – Activities of collection agencies and credit bureaus;
  - NACE Code 8299 – Other business support service activities n.e.c.;
  - NACE Code 8551 – Sports and recreation education;
  - NACE Code 8552 – Cultural education (languages, music, drama, dance, arts etc.);
  - NACE Code 8559 – Other education n.e.c.;
  - NACE Code 9311 – Operation of sports facilities;
  - NACE Code 9312 – Activities of sport clubs;
  - NACE Code 9319 – Other sports activities;
  - NACE Code 9329 –Other amusement and recreation activities n.e.c.;
- 4.** The business activity and main object of activity of TRANSGAZ S.A. may be amended only by a decision of the extraordinary general meeting of the shareholders.
- 5.** The secondary object of activity of TRANSGAZ S.A. may be amended by a decision of the board of administration.

## **CHAPTER III**

### **Share capital, Shares**

#### **ARTICLE 8**

##### **Share capital**

- 1.** The share capital of TRANSGAZ S.A. is RON 117,738,440.00, subscribed and paid up by the company shareholders.
- 2.** The share capital is divided into 11,773,844 nominative dematerialized shares. The nominal value of a TRANSGAZ S.A. share is RON 10.
- 3.** The share capital is held as follows:
  - The Romanian government, represented by the Ministry of Economy, a number of 6,888,840 shares, with a total value of RON 68,888,400.00, representing 58.5097 % of the share capital;
  - Other shareholders (free-float), both Romanian and foreign natural and legal entity, a number of 4,885,004 shares, with a total value of RON 48,850,040.00 lei, representing 41.4903 % of the share capital.
- 4.** The share capital does not include the goods stipulated under art.136 (3) of the Romanian Constitution, as republished.

#### **ARTICLE 9**

##### **Increase and decrease of the share capital**

- 1.** Increase of the share capital
  - 1.1** The increase of the share capital shall be done in accordance with the law.
  - 1.2** Any increase of the share capital has to be decided by the extraordinary general meeting of the shareholders.
  - 1.3** The extraordinary general meeting of the shareholders can authorize the increase of the share capital by the board of administration of TRANSGAZ S.A. within a maximum ceiling decided by the meeting, ceiling which cannot exceed half of the subscribed capital existing at the time of the authorization. The validity of the delegation assigned by the extraordinary general meeting of the shareholders under this article cannot be more than one year and shall be renewed for periods of no more than one year per renewal. The share capital may be increased by:
    - (a) issuing new shares or by increasing the nominal value of the existing shares in exchange for contributions in cash and/or in kind;

- (b) incorporating reserves, with the exception of the legal reserves, as well as of benefits or emission premiums, or by setting off liquid and due receivables due to TRANSGAZ S.A. with shares thereof. The positive differences from property re-assessment shall be included in the reserves, with no increase of the share capital.
- 1.4** Unless otherwise provided by the law, the withdrawal of the first refusal right of the existing shareholders of subscribing the new shares in the case of increase of capital by contributions in cash shall be decided in the extraordinary general meeting of the shareholders, with the attendance of at least  $\frac{3}{4}$  (three quarters) of the subscribed share capital, and with the vote of the shareholders who own at least  $\frac{2}{3}$  (two thirds) of the voting rights.
- 1.5** Unless otherwise provided by the law, the increase of the share capital by contributions in kind shall be approved by the general meeting of the shareholders, with the attendance of at least  $\frac{3}{4}$  (three quarters) of the subscribed share capital, and with the vote of the shareholders who own at least  $\frac{2}{3}$  (two thirds) of the voting right. The provisions of paragraph 1.3 are not applicable in this situation.
- 1.6** The contributions in kind for the increase of the share capital of TRANSGAZ S.A. may consist solely of performant goods necessary for the achievement of the scope of activity of TRANSGAZ S.A.
- 1.7** The decision of the general meeting of the shareholders or of the board of administration of TRANSGAZ S.A., as applicable, regarding the increase of the share capital, shall expressly state the number of first refusal rights necessary for the purchase of a new share, the subscription price of the new share based on the first refusal rights and the period of the subscription, the price at which the new shares are offers following the subscription based on the first refusal rights, if any, as well as any other mentions mandatory by law.
- 1.8** If the general meeting of the shareholders or the board of administration approves and trade the first refusal rights, a document of presentation shall also be prepared for the trading of the first refusal rights on the same regulated market on which are traded the movable assets it refers to. The document shall have the mandatory content provided by the law.
- 2.** Decrease of the share capital
  - 2.1** The decrease of the share capital shall be done in accordance with the law.
  - 2.2** If the managers find that the net assets, determined as the difference between the total assets and the company liabilities, represents, as a result of losses, less than half of the value of the subscribed share capital, they shall immediately convene the extraordinary general meeting of the shareholders in order to decide the recompletion of the share capital, its reduction to the remaining value, or the dissolution of the company.
  - 2.3** If the decrease of the share capital is the result of losses, the share capital can be decreased only by reducing the number of shares or by reducing the nominal value of all the shares, without returning a part of the contribution to the shareholders and without exempting the shareholders from the payment of the amounts owed on account of the shares.
  - 2.4** The reduction of the share capital may be done only after the passing of two months from the date of publication in the *Official Journal of Romania*, Part IV, of the decision of the extraordinary general meeting of the shareholders.



## **ARTICLE 10**

### **Shares**

1. TRANSGAZ S.A. shares are nominative, dematerialized shares issued through their registration in the shareholder register and shall contain all the elements provided by the law.
2. The record of the shares and of other securities issued by TRANSGAZ S.A. shall be kept in accordance with the regulations issued by the National Securities Commission.
3. The changes in the shareholders register may be made only in observance of the applicable law.
4. The shares issued by TRANSGAZ S.A. may bear a beneficial interest and may be pledged, in accordance with the law.
5. Romanian and foreign natural and legal entities may hold shares of TRANSGAZ S.A., in accordance with the applicable law. The rights and obligations pertaining to the state-owned shares are exercised by the Ministry of Economy or its successors.

## **ARTICLE 11**

### **Bonds**

TRANSGAZ S.A. is authorized to issue bonds in accordance with the law.

## **ARTICLE 12**

### **Rights and obligations arising from the shares**

1. TRANSGAZ S.A. shares subscribed and paid up, confer the holder the legal rights provided by the applicable law for that type of shares and by these Articles of Incorporation.
2. Share holdings certify the automatic adherence to the Articles of Incorporation.
3. The rights and obligations pertaining to the shares follow the shares if the shares pass into the property of another person.
4. When a nominative share becomes joint property, the transfer shall be not recorded unless a sole representative is appointed to exercise the rights arising from the share.
5. TRANSGAZ S.A. bonds are secured by the company assets, and the shareholders shall be liable to the extent of the shares they hold.
6. TRANSGAZ S.A. assets may not be encumbered with shareholders' personal debts or other personal liabilities.

## **ARTICLE 13**

### **Transfer and encumbrance of TRANSGAZ S.A. shares**

1. The shares are indivisible. When a share becomes joint property, the company is under no obligation of recording the transfer unless such persons appoint a sole representative to exercise the rights arising from such share. So long as a share is the undivided or joint property of several persons, these shall be liable jointly and severally for capital payments.
2. Share cession between shareholders or to third parties is performed in the conditions and following the procedure provided by the law.
3. Ownership transfer or creation of other real rights over the shares admitted for trading on a regulated market shall be done in accordance with the applicable law for state-owned companies.

## **CHAPTER IV**

### **General meeting of the shareholders**

#### **ARTICLE 14**

##### **Representation**

1. The state interests in the general meeting of the shareholders of TRANSGAZ SA are represented by the Ministry of Economy or by its successors.
  2. The state representative in the general meeting of the shareholders is appointed and revoked by the order of the Minister of Economy. The voting right of the state representative in the general meeting of the shareholders of TRANSGAZ SA shall be exercised based on a special mandate given by the order of the Minister of Economy.
  3. Following admission to trading of TRANSGAZ SA shares on a regulated market, shareholders, other than the state, may also be represented in the general meeting of the shareholders by other persons than the shareholders, directors and employees of TRANSGAZ S.A., by special or general power of attorney, according to the capital market laws.
- 3<sup>1</sup> The special power of attorney may be granted to any person for representation in a single general meeting of the shareholders and shall contain specific instructions from the issuant shareholder.
- 3<sup>2</sup> The shareholder may grant a power of attorney valid for a period of maximum 3 years, allowing its representative to vote in all the aspects under debate in the general meetings of the shareholders or one or more companies identified in the power of attorney, including as regards the acts of disposition. The general power of attorney may be granted by the shareholder only to an attorney or an intermediary, as defined by the capital market legislation, in observance of the interdictions provided therein.
- 3<sup>3</sup> The powers of attorney, prior to their first use, shall be submitted in copy to the company 24 hours prior to the shareholders' meeting, bearing the mention of the conformity with the original under the signature of the representative. Certified copies of such powers of attorney shall be kept by the company, mentioning this in the general meeting minutes.
- 3<sup>4</sup> The representative may not be replaced by another person. If the representative is a legal entity, it can give effect to its mandate through any person forming part of its management body or by any of its employees.
4. The shareholders of TRANSGAZ SA and the members of the management of the company have the obligation to meet the requirements stipulated at Art. 128 of Electricity and Gas Law No. 123/2012

## **ARTICLE 15**

### **Attributions**

1. The general meeting of the shareholders of TRANSGAZ SA is the managing body having decisional power on its activity and economic policy.

2. The general meetings of the shareholders are ordinary and extraordinary.

3. The main obligations of the ordinary general meeting of the shareholders are as follows:

(a) to approve TRANSGAZ SA global development, upgrading, modernization, financial and economic restructuring strategy, drawn up according to the regulations in force;

(a<sup>1</sup>) to approve the plan of administration prepared by the Board of Administration of TRANSGAZ SA.;

(b) to elect and revoke members of the board of administration and auditors; to appoint and revoke the chairperson of the Board of Administration of TRANSGAZ SA;

(b<sup>1</sup>) to set the criteria for the election of the Board of Administration members when two or more persons proposed obtain the same number of cumulated votes, expressed by the same number of shareholders;

(c) to approve the income and expense budget and the activity programme for the following financial year;

(d) to set the remuneration of the Board of Administration members in accordance with the structure and limits established by the law, to approve the contract of mandate concluded with the Board of Administration members and with the Director – General;

(e) to discuss, approve or amend the annual financial statements based on the reports of the administrators and of the financial auditors and establish the dividend;

(f) to approve the breaking down of the profit according to the law;

(g) to analyse the reports of the board of administration on the profit and dividends status and prospects, domestic and international market position, technical level, quality, labour force, environmental protection, relationship with the clients;

(h) to assess the performances of the administrators;

(i) to take decisions regarding the pledging, rental or liquidation of one or several units of the company;

(j) to approve the rules for the organizing and functioning of the board of administration;

(k) to appoint, release from employment the financial auditor and set the minimum duration of the financial audit contract;

(l) to fulfil any other obligation legally established under its responsibility.

4. The extraordinary general meeting of the shareholders meets to decide on the following:

(a) the changing of the legal status of TRANSGAZ SA;

(b) the moving of the offices of TRANSGAZ SA;

(c) the changing of the domain or/and main object of activity of TRANSGAZ SA;

(d) the increase of the share capital and the reduction or issuance of new shares according to the law;

(e) the bundling with other trading companies or the splitting of TRANSGAZ SA;

- (f) the advanced liquidation of TRANSGAZ SA;
- (g) bond issuance;
- (h) the modification of the number of shares or of their nominal value;
- (i) the incorporation or the liquidation of TRANSGAZ SA subsidiaries, branches, agencies, representative offices or other such units, without legal entity, belonging to TRANSGAZ SA, except for the working points, the participation to the constitution of new legal persons, merger, splitting or liquidation of such persons or association with other national or foreign legal or physical persons;
- (j) the extension of the company`s duration;
- (k) the share conversion from one category into another;
- (l) the approval of the ownership, transfer, exchange or guarantee documents regarding some of the company`s assets belonging to the fixed assets category, the value whereof, individually or cumulated, exceeds, for the duration of a financial year, 20% of the total non-current assets, minus the receivables concluded by the administrators or by the company manager;
- (m) converting one category of bonds into another or into shares;
- (n) the prior approval of the rental of tangible assets for periods longer than one year, the value whereof, individually or cumulated against the same co-contractor or persons involved or operating jointly, exceeds 20% of the total non-current assets, minus the receivables as of the date of conclusion of the legal act, as well as associations for periods longer than one year;
- (o) the approval of the currency of issuance of the movable assets admitted or which are to be admitted for trading on a regulated market;
- (p) any other amendment to the Articles of Incorporation or any other decision which requires the approval of the extraordinary general meeting of the shareholders.

5. The general extraordinary meeting of the shareholders may delegate the exercise of the following duties to the board of administration, under the law or under these Articles of Incorporation:

- (a) Relocation of the company registered office;
- (b) Change of the secondary object of activity; and
- (c) Increase of the share capital.

## **ARTICLE 16**

### **Convening of the general meeting of the shareholders**

#### **1. General**

The general meeting of the shareholders is convened by decision of the board of administration or whenever necessary.

**1.1** The ordinary general meeting of the shareholders meets at least once yearly, within maximum 5 months of the end of the financial year.

**1.2** The general meeting of the shareholders shall be convened whenever necessary, in accordance with the provisions of the law and of these Articles of Incorporation.

**1.3** The board of administration shall convene immediately the general meeting upon the request of the shareholders representing, individually or collectively, at least 5% of the share capital, if the request contains dispositions falling under the duties of the general meeting.

## **2.** Convening – term, content, reference date

**2.1** The attendance notice shall be published in the *Official Journal of Romania*, part IV and in a national newspaper with wide circulation, and on the website of TRANSGAZ S.A., at least 30 days prior to the date of meeting and shall contain the following mandatory information:

- (a) the company name;
- (b) the date of general meeting;
- (c) the time of the general meeting;
- (d) the place of the general meeting;
- (e) the reference date, mentioning also the fact that only the persons who are shareholders at such date are entitled to attend and to vote in the general meeting;
- (f) the agenda of the meeting;
- (g) a clear and precise description of the procedures to be observed by the shareholders in order to be able to attend and to vote in the general meeting;
- (h) the deadline for submitting proposals for the candidates to administrator positions, if the agenda of the meeting includes the election of administrators;
- (i) the manner of distributing the documents and information regarding the issues included in the agenda of the general meeting, the date when they will be made available, and the website address where they can be found;
- (j) the manner of obtaining the special power of attorney form for the representation in the general meeting of the shareholders;
- (j<sup>1</sup>) the manner of obtaining the forms of vote by correspondence;
- (k) the date and the place of submittal/receipt of powers of attorney, and of the forms of vote by correspondence;
- (l) proposal regarding the registration date;
- (m) the date and time for the second general meeting, when the first one cannot be held.

**2.2** The general meeting of the shareholders gathers at TRANSGAZ S.A. headquarters or in another place mentioned in the attendance notice.

**2.3** If the agenda includes proposals of amendment of the Articles of Incorporation, the attendance notice should include the full text of the proposals.

**2.4** The reference date should be not more than 30 days prior to the date of the general meeting it refers to, at least 8 days should elapse between the date for the convening of the general meeting and the reference date, also the reference date should be prior to the date for the submittal/filing of the powers of attorney to the company. There should be a period of least 6 days between admissible deadline for the second or next convening of the general meeting and the reference date.

## **3.** Information and attendance materials

**3.1** The documents subject to discussion and approval in the general meeting of the shareholders, the special powers of attorney, the forms of vote by correspondence and the materials containing information corresponding to each item in the meeting agenda shall be made available to all the interested shareholders by care of the board of administration.

**3.2** The date from which the documents, informative materials, special powers of attorney and forms of vote by correspondence concerning the issues inscribed on the agenda become available to the shareholders shall be at least 30 days prior to the date of the general meeting, unless provided otherwise by the law.

**3.3** The documents, informative materials, special powers of attorney and forms of vote by correspondence shall be made available to the shareholders on TRANSGAZ S.A.'s website or at its headquarters, as well as in other places which may be determined by the board of administration and mentioned in the convening.

**3.4** The shareholders shall be provided, at their request and for a fee, with the respective documents and materials. The fees charged to the shareholders requesting the issuance of copies of the documents mentioned in the paragraph above shall not exceed the cost of the multiplication.

**3.5** The special power of attorney and the form of vote by correspondence are valid only for the general meeting of the shareholders for which they were requested, and the special power of attorney form shall have the content provided by the law and shall be made available to the shareholders in 3 copies, having the following designation: one for the shareholder, one for the representative and one for the issuer.

## **ARTICLE 17**

### **Organization of the general meeting of the shareholders**

#### **1. Quorum and voting majority**

**1.1** The general meeting of the shareholders is duly constituted and may adopt decisions if at the first convening are present shareholders who own at least half of the share capital, and at the second convening whichever share capital part represented by the shareholders present.

**1.2** If the ordinary general meeting of the shareholders is duly constituted, the decisions are approved with the majority of the votes expressed (half plus 1).

**1.3** The extraordinary general meeting of the shareholders is duly constituted and may adopt decisions if at the first convening are present shareholders who own at least 3/4 (three quarter) of the share capital, and at the second convening they represent at least half of the share capital.

**1.4** If the extraordinary general meeting of the shareholders is duly constituted, the decision is approved with the majority of the votes of the shareholders present or represented, but at least the shareholders' votes representing half of the share capital, of for the first convening, or at least 1/3 (one third) of the share capital for the second convening.

**1.5** By way of exception from the previous paragraph, the decisions regarding change of the main object of activity of TRANSGAZ S.A., the increase or the increase of the share capital, the change of the legal form, the merger, separation or dissolution, shall be adopted with a majority of at least 2/3 of the voting rights held by the shareholders present or represented.

**1.6** If for the validity of a general meeting of the shareholders there are other legal provisions regulating imperatively a quorum or another voting majority other than provided in these Articles of Incorporation, such legal provisions shall apply accordingly.

**2.** Debates

**2.1** At the date and time mentioned in the attendance notice, the meeting of the general meeting of the shareholders shall be opened by the chairman of the board of administration or, in his absence, by the person replacing him.

**2.2** The general meeting shall elect, out of the present shareholders, between 1 and 3 secretaries, who shall check the shareholders attendance list, indicating the share capital represented by each one, the protocol prepared by the technical secretary indicating the number of shares submitted and the observance of all the formalities under the law and the Articles of Incorporation for holding the general meeting.

**3.** The minutes

**3.1** The minutes of the general meeting of the shareholders shall be signed by the chairman of the board of administration and by the secretary of the meeting preparing it.

**3.2** The minutes of the general meeting of the shareholders shall be signed and stamped register.

**3.3** Each minute shall have enclosed the convening documents, the shareholders attendance lists and the special mandate of the Ministry of Economy representative, as applicable.

**3.4** The representatives of the employees, who shall have no voting rights, shall also be invited at the ordinary and extraordinary general meetings of the shareholders in which are discussed issues regarding the work relations with TRANSGAZ S.A. personnel.

## **ARTICLE 18**

### **Exercising the voting rights in the general meeting of the shareholders**

**1.** The decisions of the general meeting of the shareholders are adopted by direct vote, unless otherwise provided by the law.

<sup>1</sup> The shareholders may vote in the general meeting of the shareholders personally, through representation, by mail or by electronic means.

<sup>2</sup> In case of the vote through representation, the power of attorney may be submitted to the company headquarters, in original, 24 hours before the meeting, or it may be sent by email, having incorporated, attached or logically associated the electronic signature.

<sup>3</sup> If the agenda of the general meeting of the shareholders contains resolutions requiring a secret vote, the vote by correspondence shall be expressed through means which allow the presentation thereof only to the members of the secretariat responsible for numbering the secret votes expressed and only when the rest of the votes expressed in secret by the shareholders present or by the shareholder representatives attending the general meeting are disclosed.



2. Each shareholder present at the meeting receives a ballot bearing TRANSGAZ S.A. stamp and containing all the issues in the meeting agenda, as well the options “for”, “against” or “abstention”.
3. The person who represents more than one shareholder under special powers of attorney expresses the votes of the persons represented by summarizing the number of votes “for”, “against” or “abstention”, without setting them off. The votes thus expressed are validated by the general meeting secretary based on the third copy of the special powers of attorney.
4. In order to be opposable to third parties, the decisions of the general meetings of the shareholders shall be submitted within 15 days at the trade register office, to be mentioned, in the register, in excerpt and published in the *Official Journal of Romania*, Part IV.
5. The decisions adopted of the general meetings of the shareholders in accordance with the law and with the Articles of Incorporation are binding even for the shareholders who did not attend the meeting or who voted against.
6. The shareholders who voted against a decision adopted by the general meeting of the shareholders regarding the change of the main object of activity, the relocation of TRANSGAZ S.A. headquarters, and the change of the legal form of TRANSGAZ S.A. or with regard to the merger or separation of TRANSGAZ S.A., have the right to withdraw from the company pursuant to the law.
7. Shareholders who own more than 5% of the shares are forbidden from the exercise of the rights arising from the capacity of shareholder provided under art.128 par. (2) let. i) and ii) of Electricity and Gas Law No. 123/2012, if they exercise any right or control over a company generating or supplying electrical power and/or natural gas.

This interdiction applies to the shareholder(s) until the termination of the situation of incompatibility resulting from the breach of art.128 of Electricity and Gas Law No. 123/2012.

**CHAPTER V**  
**Board of Administration**

**ARTICLE 19**

**Organization**

**1. General**

**1.1** TRANSGAZ S.A. is managed by a board of administration having the general competence, with the exception of aspects which are the competence of the general meeting of the shareholders, in accordance with the Articles of Incorporation and with the applicable law.

**1.2** The board of administration of TRANSGAZ S.A. consists of 5 members.

**2. Appointment of administrators**

**2.1** The members of the board of administration are elected by the general meeting of the shareholders for a 4-year mandate.

**2.2** Upon the request of a significant shareholder, the election of the members of the board of administration TRANSGAZ S.A. shall be done, mandatorily, through the cumulative vote method. Within the meaning of this paragraph, significant shareholder means the natural entity, legal entity or group of persons acting jointly and who owns directly or indirectly at least 10% of the share capital of TRANSGAZ S.A. or of the voting rights or a share which allows it to exercise a significant influence over the decisions taken in the general meeting of the shareholders or in the board of administration of TRANSGAZ S.A., as applicable.

**2.3** The board of administration is led by a chairman appointed by the general meeting of the shareholders from the members of the board of administration. The chairman of the board of administration is not the Director-General of SNTGN "Transgaz" S.A.

**2.4** The members in the board of administration may have the capacity of shareholders.

**2.5** If there is a vacancy in the board of administration, the election of a new member is made in accordance with the provisions of the law. The period for which the new administrator is elected to occupy the vacant seat shall be equal to the period remaining until the expiry of his predecessor's mandate.

**3. Convening of the board of administration**

**3.1** The board of administration gathers at TRANSGAZ' headquarters or at any other location at its discretion, whenever necessary, however at least once every 3 months.

**3.2** The meetings of the board of administration are convened as follows:

(i) by the chairman of the board of administration, whenever necessary, however at least on a quarterly basis;

(ii) by two members of the board of administration or by the Director-General.

**3.3** The convening of the board of administration shall be sent to the administrators with sufficient time in advance of the date of the meeting, the term being established by a decision of the board of administration.

**3.4** The convening shall be sent to all the administrators, in accordance with the provisions of these Articles of Incorporation.

**3.5** The convening for the meeting of the board of administration shall be sent to each administrator in writing, by fax or email or by any other legally admissible means of communication, at the address and fax number of the respective administrator. Each administrator has the obligation to notify the company in writing, by fax or email or by any other legally admissible means of communication any change of address and/or fax number, as applicable, and shall not be able to oppose the change of address and/or telephone number if these were not notified in writing by the administrator.

**3.6** The notification of the meeting of the board shall mention the date and time of the meeting, and the fact that it shall take place at the company headquarters (unless the administrators decide to hold the meeting in another location, in which case it shall also mention the address).

**3.7** The meetings of the board may also be held by electronic means of communication (including by telephone and video conferences). The notification of the meeting of the board of administration shall also mention the agenda of the meeting.

**3.8** The issues which are not in the meeting agenda may be decided upon only in cases of emergency.

**3.9** The chairman shall decide on the urgency of the issues.

#### **4.** The meetings of the board

**4.1** The board of administration conducts its activity in accordance with its own internal regulations and with the legal provisions in force.

**4.2** The board of administration is presided by the chairman. If the chairman is temporarily incapable to fulfil his duties, for the duration of this incapacitation, the board of administration may appoint another manager as chairman of the board.

**4.3** The chairman appoints a secretary, either from the members of the board, or from outside of it.

**4.4** The meetings of the board of administration may be held by telephone or video conference or by any other means of communication which insure that all the persons attending the meeting can understand each other, and the attendance of such a meeting is deemed attendance of a person for the purpose of fulfilling the quorum and voting rights requirements.

#### **5.** Adopting the decisions

In order for the decisions of the board to be valid, at least three of its members have to be present, and of these, the decisions are adopted by the majority of the members present or represented by mandate.

#### **6.** Minutes

**6.1** The debates of the board of administration are held in accordance with the meeting agenda and notified by the chairman at least 7 days prior to the date of the meeting.

**6.2** The debates are recorded in the meeting minutes, which are then inscribed in a register signed and stamped by the chairman of the board.

**6.3** The minutes, containing the names of participants, the order of deliberations, the decisions adopted, the number of votes and the dissenting opinions shall be drawn during each meeting. Based on the minutes, the secretary of the board prepares the decision of the board, which is then signed by the chairman.

## **7. Delegation**

The Board of Administration shall delegate the management of the company to the Director-General of SNTGN "Transgaz" S.A., who is not the Chairman of the Board of Administration. The Director-General of SNTGN "Transgaz" S.A. represents the company in relation to third parties.

## **8. Information obligations**

The board of administration has the obligation of providing the financial auditors with the documents of TRANSGAZ S.A. and with the activity reports, in accordance with the legal provisions.

**8<sup>1</sup>** During the first general shareholders' meeting following the conclusion of the legal act, the board informs on:

- any transaction with the managers or with the directors, the employees, the shareholders who control the company or with a company controlled by them;
- the transactions concluded with the spouse, with relatives or familiars up to the 4th degree inclusively of any of the persons above;
- any transaction concluded between TRANSGAZ S.A. and another public undertaking or with the public supervisory body, if the transaction has the value, individually to in a series of transactions, of at least the equivalent in RON of EUR 100,000.

**8<sup>2</sup>** The board of administration has the obligation to provide the general meeting of the shareholders and the financial auditors the documents of TRANSGAZ S.A. and the activity reports in accordance with the law.

## **9. Administrators' liability**

The liability of the administrators is regulated by the legal provisions regarding the mandate and by the special provisions of Companies' Law No. 31/1990, republished, as amended and supplemented.

## **10. Incompatibilities**

**10.1** The persons provided in the Companies' Law No. 31/1990, republished, as amended and supplemented are incompatible with the position of members of the board of administration.

**10.2** A person who is incompatible with the capacity of administrator, in accordance with Companies' Law No.31/1990, republished, as amended and supplemented, cannot be Director-General of TRANSGAZ S.A.

## **11. Advisory Boards**

**11.1** The Appointment and Remuneration Committee and the Audit and Rating Committee are established in the Board of Administration, in accordance with the law. The management may decide upon establishment of other advisory boards to examine issues imposed by the applicable law or chosen by the Board of Administration, in order to advise the Board on the

issues chosen.

**11.2** The Appointment and Remuneration Committee and the Audit and Rating Committee consists of non-executive administrators, at least one member of each committee being independent. For other advisory boards created at the level of the Board, their competence shall be determined by the Board of Administration.

**11.3** The Board reviews the independence of its non-executive members, the assessment criteria being based on a review of the following situations:

(a) a non-executive administrator is not company manager or manager of a company controlled by it and has not held such a position over the past five years;

(b) is not an employee of the company or any company controlled by it and has not had such work relations over the past five years;

(c) does not receive nor has it received from the company or from the company controlled by it extra remuneration or other benefits, other than those which correspond to the position of non-executive administrator;

(d) is not and does not represent in any way a significant company shareholder;

(e) does not have and has not had in the past financial year business relations with the company or with a company controlled by it, either directly or as an associate, administrator, senior officer or employee of the any company having such relations with the company if these could, through their character, impair his objectivity. Business relations include, without limitation to: significant provider of goods and services (including financial, legal, consultancy services, etc.) and/or important customer of the company or of the organizations receiving significant contributions from the company or from its group, as applicable;

(f) is not and has not been in the past three years associate or employee of the current or prior financial auditor of the company or of any company controlled by it;

(g) is no administrator/senior officer of another company where a company administrator/senior officer is a non-executive administrator and has no significant relations with the administrators/senior officers of the company because of the position held in other companies or entities;

(h) has not been a non-executive member of the Board of Administration of the company for more than three mandates;

(i) is not a member of the close family – spouse or relative or familiar up to the 4th degree inclusively – of any member of the Board of Administration or of company senior officers or of any persons mentioned under let. a)-h) above

**11.4. Functioning and passing of decisions**

(a) the advisory boards conduct their activity in accordance with the internal regulations on the organization and functioning of the advisory boards established at the level of the Board of Administration;

(b) the committees shall submit to the Board, on a regular basis, activity reports on the process of supervisions, review and assessment of the activity of the senior officers and of the manner in which they give effect to the dispositions of the Board of Administration.

## ARTICLE 20

### Duties of the Board of Administration, of the Director-General and of the executive officers

#### 1. Duties of the Board of Administration

The main duties of the Board of Administration are:

- (a) to determine the main directions of activity and development of the company, to issue Transgaz S.A. policies according to the regulations in force;
- (a<sup>1</sup>) to draw the management plan, which includes the management strategy during the mandate in order to achieve the performance objectives and criteria determined through contract mandates;
- (a<sup>2</sup>) to approve the internal regulations on the organization and functioning of the advisory boards established at the level of the Board of Administration and the members thereof;
- (b) to determine the accounting policies and the financial control system and to approve the financial plans;
- (c) to approve the organizational structure and internal regulations of TRANSGAZ S.A.;
- (d) to appoint and revoke the Director-General of TRANSGAZ S.A. and to determine his remuneration;
- (d<sup>1</sup>) to approve the management plan during the mandate and for the first year of mandate of the Director-General of TRANSGAZ S.A.;
- (e) to supervise the activity of the Director-General;
- (f) to prepare the annual report, to organize the general meetings of the shareholders and to implement the decisions thereof;
- (g) to file of insolvency of TRANSGAZ S.A., in accordance with the applicable law;
- (h) to approve the quantum of guarantees for persons who hold the position of warehouse keeper/administrator;
- (i) to conclude legal acts whereby acquiring, selling, renting, exchanging or pledging assets in the property of TRANSGAZ S.A., subject to the approval of the general meeting of the shareholders if the law so stipulates;
- (j) to approve the competences of the branches by field of activity (economic, commercial, technical, administrative, financial, legal etc.) in order to achieve the object of activity of TRANSGAZ S.A.;
- (j<sup>1</sup>) to approve the change of the secondary object of activity of SNTGN „Transgaz” S.A.;
- (j<sup>2</sup>) to approve the incorporation/dissolution of the work points – objectives belonging to the NTS;
- (k) to approve the conclusion of any agreements for which it did not delegate the competence to the Director-General of TRANSGAZ S.A.;

- (l) to submit annually to the general meeting of the shareholders, after the end of the financial year, the activity report of TRANSGAZ S.A., the balance sheet and the profit and loss account for the previous year;
- (m) to submit to the general meeting of the shareholders the activity schedule and the income and expenditure budget plan for the following year;
- (n) to convene the general meeting of the shareholders whenever necessary;
- (o) to determine the rights, obligations and responsibilities of TRANSGAZ S.A. personnel, in accordance with the organizational chart approved;
- (p) to take decisions with regard to bank loans, including external loans, to determine the competences and the level of contracting of bank loans on the internal and external market, of commercial credits and of guarantees, including by pledging the shares pertaining to the holdings in other companies in accordance with the law; to approve the issuance of the guarantee;
- (q) to approve the number of positions and the norms of establishment of the functional and production sectors;
- (r) to approve the production, research, development and investment programs;
- (s) to approve policies for environmental protection and occupational protection, in accordance with the applicable law;
- (t) to approve, within the limits of the income and expenditure budget as approved by the general meeting of the shareholders, changes in its structure, to the extent of the competences for which it has received a mandate;
- (u) to negotiate the collective labour agreement by mandating the Director-General and to approve the personnel status;
- (v) to ensure and be liable for the execution of any duties and tasks assigned by the general meeting of the shareholders or provided by the law;
- (w) to adopt any other decisions regarding the activity of the company, except those that are in the competence of the general meeting of the shareholders.

## **2. Duties of the Director-General**

**2.1** The Director-General of TRANSGAZ S.A. is appointed by the board of administration from the members of the board or from outside of the board;

**2.2** The main duties of the Director-General are:

- (a) to apply the development strategy and policies of TRANSGAZ S.A., as determined by the board of administration;
- (a<sup>1</sup>) or prepare and subject to approval of the board the management plan during the mandate and for the first year of mandate;
- (b) to hire, promote and dismiss the personnel, in accordance with the law;
- (c) to appoint, suspend or revoke the executive officers and the branch managers;
- (d) to attend the negotiations of the collective labour agreement, the negotiation and conclusion whereof is conducted in accordance with the law, within the limits of the mandate granted by the board of administration;

- (e) to negotiate, in accordance with the law, the individual labour agreements;
- (f) to conclude legal acts, for and on behalf of TRANSGAZ S.A., within the limits established by the board of administration;
- (g) to establish the duties and responsibilities of TRANSGAZ S.A. personnel;
- (h) to approve the collection and payment operations, in accordance with the legal competence and with these Articles of Incorporation;
- (i) to approve the operations of sale and purchase of goods, within the limits of the competences delegated by the board of administration;
- (j) to authorize the executive officers, the branch managers and any other person to exercise any of the duties in its competence;
- (k) to execute any other duties which the board of administration has delegated in his competence.

**2.3** The Director-General prepares and submits to the board of administration the reports provided by the law.

**2.4** The Director-General submits to the approval of the board of administration the transactions concluded with the administrators or with the directors, with the employees or the shareholders of Transgaz or with a company controlled by them, if the transaction has, individually or in a series of transactions, a value of at least the RON equivalent of Euro 50,000.

### **3.** Duties of the executive officers

**3.1** The executive officers and the branch managers are appointed by the Director-General and are subordinated to him, being senior officers of TRANSGAZ S.A., executing the operations thereof and being liable towards it for the execution of their duties, in the same conditions as the members of the board of administration.

**3.2** The duties of the executive officers and of the branch managers are determined through the internal regulations of TRANSGAZ S.A.

**3.3** The persons provided in Companies` Law No.31/1990, republished, as amended and supplemented are incompatible with the position of executive manager or branch manager.

**4** The decisions regarding the current activity and operation of Transgaz SA shall be taken solely by persons forming part of the company's management, the intervention of any other person or public or private entity in the taking of such decisions being forbidden.



## **CHAPTER VI**

### **Financial audit and internal audit**

#### **ARTICLE 21**

##### **Financial audit**

The financial statements of TRANSGAZ S.A. shall be audited by a financial auditor in accordance with the law.

#### **ARTICLE 22**

##### **Internal audit**

TRANSGAZ SA shall organize the internal audit in accordance with the applicable legal provisions on public internal audit.

## **CHAPTER VII**

### **Activity of TRANSGAZ S.A.**

#### **ARTICLE 23**

##### **Financing own activities**

In order to achieve the object of activity and in accordance with the duties established, TRANSGAZ S.A. uses financing sources created in accordance with the law, bank loans and other financial sources.

#### **ARTICLE 24**

##### **Financial year**

The financial year starts on January 1 and ends on December 31 of each year. The first financial year starts on the date of registration of TRANSGAZ S.A. with the trade register.

## **ARTICLE 25**

### **Personnel**

1. TRANSGAZ S.A. personnel is appointed, hired and dismissed by the Director-General.
2. The hiring and dismissal of the personnel of TRANSGAZ S.A. is done by the manager of each branch.
3. The payment of the salaries and of the corresponding taxes, of the insurance contributions and of any other obligations to the state budget shall be made in accordance with the law.
4. The rights and obligations of TRANSGAZ S.A. personnel are determined under the internal regulations, the collective labour agreement and the individual labour agreements.
5. The salary rights and other rights of the personnel are determined under the collective labour agreement and by the board of administration for the Director-General.

## **ARTICLE 26**

### **Amortization of the fixed assets**

The amortization of the tangible and intangible assets of TRANSGAZ S.A. shall be calculated according to the amortization method established by the board of administration pursuant to the law.

## **ARTICLE 27**

### **Accounting records and balance sheet**

1. TRANSGAZ S.A. shall keep the accounting records in RON, shall prepare annual financial statements in observance of the laws in force.
2. The balance sheet and the profit and loss account shall be published in the *Official Journal of Romania*, Part IV, in accordance with the law.

## **ARTICLE 28**

### **Profit calculation and allotment**

- 1.** TRANSGAZ S.A. profit is determined according to the balance sheet approved by the general meeting of the shareholders. The corporate tax is determined in accordance with the law.
- 2.** TRANSGAZ S.A. profit remaining after the payment of the corporate tax shall be allotted in accordance with the law and with the general meeting of the shareholders, for the creation of for development, investment, upgrading, research and other such funds, and for the shareholders fund for the payment of dividends.
- 3.** TRANSGAZ S.A. shall create the reserve fund and other funds in accordance with the law.
- 4.** The payment of the dividends to each shareholder shall be made by TRANSGAZ S.A. in accordance with the law, following the approval by the general meeting of the shareholders of the annual financial statements for the previous financial year.
- 5.** If the company records losses, the general meeting of the shareholders shall review the causes and shall take decisions accordingly.

## **ARTICLE 29**

### **Records**

TRANSGAZ S.A. shall maintain, by care of the members of the board of administration, all the records provided by the law, with the exception of the provisions of Art. 10.2 of these Articles of Incorporation.

## **CHAPTER VIII**

### **Association**

#### **ARTICLE 30**

TRANSGAZ S.A. may constitute, alone or with other Romanian or foreign natural or legal entities, other commercial companies or other legal entities, in accordance with the law and with these Articles of Incorporation.

#### **ARTICLE 31**

TRANSGAZ S.A. may conclude association agreements with other legal or natural entities, without constituting new legal entities, if the association is designed to achieving the company's object of activity.

#### **ARTICLE 32**

The conditions of participation of TRANSGAZ S.A. to the establishment of new legal entities or in association agreements shall be determined through the Articles of Incorporation or through the association agreement, which shall be subject to approval by the extraordinary general meeting of the shareholders.

#### **ARTICLE 33**

##### **Change of the legal status**

The change of the legal status of TRANSGAZ S.A. is possible only based on a decision of the extraordinary general meeting of the shareholders and subject to the fulfilment of all the legal formalities.

#### **ARTICLE 34**

##### **Dissolution of TRANSGAZ S.A.**

1. The dissolution of TRANSGAZ S.A. shall take place in any of the following situations:
  - (a) impossibility of achieving its object of activity;
  - (b) declaration of the nullity of TRANSGAZ S.A.;
  - (c) a decision of the general meeting of the shareholders;
  - (d) reduction of the share capital below the minimum legal limit;
  - (e) bankruptcy of TRANSGAZ S.A.;

- (f) when the number of shareholders drops below the legal limit, after the admittance for trading on a regulated market;
- (g) other causes stipulated by the law.

2. The dissolution of TRANSGAZ S.A. shall be registered with the trade register and published in the *Official Journal of Romania*, Part IV.

## **ARTICLE 35**

### **Liquidation of TRANSGAZ S.A.**

1. The dissolution of TRANSGAZ S.A. shall result in the initiation of the liquidation procedure.
2. The liquidation of TRANSGAZ S.A. and the allotment of its patrimony shall be performed in accordance with the law and in observance of the legal procedures.

## **CHAPTER IX**

### **Final provisions**

#### **ARTICLE 36**

The provisions of these Articles of Incorporation are supplemented with the provisions of Companies' Law No. 31/1990, republished, as amended and supplemented and of other legal acts applicable to the capital market.

*These Articles of Incorporation were updated on 10.04.2017, in accordance with Decision No. 12 of 10.04.2017 of the Extraordinary General meeting of the shareholders of SNTGN Transgaz SA, based on the Articles of Incorporation updated on 29.04.2016.*

*These Articles of Incorporation were prepared and signed in 2 (two) original counterparts, in Mediaş, today 10.04.2017.*

**SNTGN TRANSGAZ SA  
DIRECTOR-GENERAL**

**VADUVA PETRU ION**

