



**SOCIETATEA NAȚIONALĂ DE TRANSPORT
GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**
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POLICY FOR THE MANAGEMENT OF CONFLICTS OF INTERESTS WITHIN THE BOARD OF ADMINISTRATION OF S.N.T.G.N. TRANSGAZ S.A.

Definition

The recommendation 10/2000 of the Committee of Ministers of the European Council includes a definition of conflicts of interest for civil servants, in the article 13:

- The conflict of interest arises when the civil servant has a personal interest that influences or seems to influence the performance of his official duties impartially and objectively. The civil servant's private interests may include a benefit for himself or for his family, for his close relatives, for friends, for people or organizations with which the civil servant had business or political relations. The personal interest may refer to any liabilities that the civil servant has towards the persons listed above.

According to the Organization for Cooperation in Economic Cooperation and Development,

- The conflict of interest involves a conflict between the duty to the public and the personal interests of a public official. The conflict of interests arises when the private interests as a private person influences or might improperly influence the fulfilling of the official duties and responsibilities.

In the national legislation, according to art. 70 of the law 161/2003:

- "Conflict of interest means the situation in which the person exercising a public office or a civil service has a patrimonial personal interest that could influence the objective fulfillment of its duties under the Constitution and other laws."

At the same time the Compendium of best corporate governance practices established for the Bucharest Stock Exchange by Nestor Advisors, Nestor Nestor Diculescu Kingston Petersen SC Concept (*drawn up without the purpose to provide legal advice regarding the new Corporate Governance Code and the compliance thereof*) It offers in the footer of page 8 explanations regarding the conflict of interests:

- A conflict of interest refers to a situation in which a director of the top management, manager, employee, shareholder or other interested person has direct or indirect interest of a competitive, commercial, professional or personal manner, which is or could conflict with his duties towards society. The definition extends to cases where the interests of such persons may be reasonably perceived as being in conflict with his duties towards society.

The potential conflicts of interest arising from the use of company property, the association with competitors to use information obtained in the exercise of administrative duties or performing transactions with affiliates.

Based on these definitions, the policy for managing conflicts of interest within the Board of Administration of Transgaz SA covers the situation where the personal or professional interest makes it difficult to take objective measures in the interest of the company and of the shareholders and their role as Administrator.

Classification

The Guide of the National Agency for Integrity related to the incompatibilities and conflict of interests, classifies the conflict of interests as follows:

- a) Potential- appears in the situation in which a civil servant has personal interests which could produce a conflict of interests if a public decision should be made;
- b) Real - appears the moment when the civil servant is in the situation to make a decision from which it could obtain a private interest of any kind;
- c) Consumed –it appears in the situation in which the civil servant participates to taking decisions from which it could obtain a private interest of any kind; breaching the legal provisions.

Legal framework regarding conflicts of interests applicable for the Board of Administration of the National gas transmission company Transgaz SA

- Emergency Ordinance no. 109 of 30 November 2011 on corporate governance of public enterprises, published in the Official Gazette no. 883 of 14 December 2011
- Companies' Law 31/1990, republished in the Official Gazette no. 1066 of 17 November 2004
- Law no. 297/2004 on the capital market, published in the Official Gazette no 571 on 29 June 2004
- Emergency Ordinance no. 34/2006 on the award of public procurement contracts, public works concession contracts and service concession contracts, approved by Law no. 337/2006 published in the Official Gazette no. 625 of 20 July 2006
- Government Decision no. 364/1999 approving the Methodological Norms on the conclusion of contracts related to the management of companies/national corporations, commercial companies, where the state or a local government authority is the major shareholder and the autonomous bodies published in the Official Gazette of Romania, Part I no. 213 of May 14, 1999

Policy for the management of the conflict of interests

- 1). Board of Administration members have a duty of loyalty to the Company and avoid conflicts of interest, defined as situations in which their personal or professional goals make difficult taking objective measures in the interest of the Company and of the shareholders and the fulfilling of their obligation as Administrator.
- 2). Board of Administration members report annually to the Audit Committee with regard to their main positions and professional activities, including duties within non-profit organizations and any relevant legal entity within which the Administrators or the persons representing them are important shareholders. The Audit Committee ensures that there were no conflicts of interest. If during the year, there is a change in the situation reported to the Audit Committee, such changes are declared not later than five days from occurrence.
- 3). Administrators must declare any current or potential conflict of interest at the beginning of all Board meetings and must not take part in any deliberation of the Board regarding the operations in connection with which the conflict of interest exists, unless failure to attend prevents the meeting of the quorum.
- 4). In case of occurrence of a conflict of interest, refrain from debates and voting on relevant issues, the reasoned absence of the administrator must be mentioned in the minutes of that meeting.
- 5). If a transaction in respect of which an administrator has a current or potential conflict of interest cannot be avoided, such transaction or commercial report with the company must be addressed in appropriate precautionary and fully transparent manner.

CHAIRMAN OF THE BOARD OF ADMINISTRATION

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