

## NOMINATION AND REMUNERATION COMMITTEE

### 2020 ANNUAL REPORT on the Remuneration and other Benefits granted to the Members of the Board and Managers of S.N.G.N. Romgaz S.A.

#### I. Preamble

This report is drafted in accordance with the provisions of Article 55, paragraph (2) and (3) of Government Emergency Ordinance No. 109/2011 on public companies corporate governance, as subsequently supplemented and amended (Law No. 111/2016) according to which:

*“(2) The Nomination and Remuneration Committee of the Board of Directors, [...] elaborates an annual report on the remunerations and other benefits granted to members of the Board and managers during the financial year,*

*“(3) The report provided in paragraph (2) is submitted to the General Meeting of Shareholders for approval of the annual financial statements. The report is available to the shareholders in accordance with Article 39, paragraph (1) and includes at least the following information:*

- a) Remuneration structure, explaining the weight of variable component and fixed component;*
- b) Performance criteria which substantiate the remuneration variable component, the ratio between the achieved performance and remuneration;*
- c) Reasons that justify any annual bonus schemes or non-cash benefits;*
- d) Possible supplementary or early pension schemes;*
- e) Information regarding the duration of the contract, the negotiated period of notice, the quantum of damages for unjust dismissal.*

#### II. Legal and internal regulations on remuneration and other benefits granted to members of the Board and managers

The legal and internal regulation taken into account for determining the rules on remuneration of members of the Board and managers of the Company are the following:

### **1) Articles of Incorporation of the Company**

Article 12, paragraph (4), item d) provides as main power of the General Meeting of Shareholders (“GMS”) *„the election and dismissal of the Board of Directors’ members, and establishing their remuneration”*.

### **2) Company Law 31/1990, as subsequently supplemented and amended**

- Article 111, paragraph (2), item c) provides that GMS has to *“establish the remuneration of the Board of Directors’ members for the current period [...], if not established by the Articles of Incorporation”*;
- Article 142, paragraph (2), item c) includes among the key powers of the Board of Directors that cannot be delegated to managers *“the appointment and dismissal of managers and establishment of managers remuneration”*;
- Article 153<sup>18</sup>, paragraph (1), provides that: *“The remuneration of the Board of Directors’ members is established either by Articles of Incorporation or by resolution of the General Meeting of Shareholders”*;
- Article 153<sup>18</sup>, paragraph (4) provides that: *“(4) The General Meeting of Shareholders, the Board of Directors, respectively [...] and, if the case may be, the Remuneration Committee, shall ensure, when establishing the remuneration and other benefits, that these are in accordance with the specific duties of the respective persons and with the economic status of the company”*.

### **3) Government Emergency Ordinance No. 109/2011 on public companies corporate governance, as subsequently supplemented and amended, approved by Law No. 111/2016**

- Article 37, paragraph (1) provides that: *“The remuneration of Board of Directors’ members [...] is established by the General Meeting of Shareholders in terms of structure and within limits specified in paragraph (2) and (4.)”*;
- Article 37, paragraph (2) provides that: *“The remuneration of non-executive members of the Board of Directors [...] consists of a fixed monthly allowance and a variable component. The fixed monthly allowance shall not exceed twice the average of the gross monthly average salary over the last 12 month for work carried out in accordance with the company’s main business, at the level of class of activity, in accordance with the classification of activities of the national economy, as communicated by the National Institute of Statistics, prior to nomination.*

*The variable component is established based on financial and non-financial performance indicators negotiated and approved by the General Meeting of Shareholders, which are not similar to the performance indicators approved for executive members, determined in compliance with the methodology provided in*

*Article 3<sup>1</sup>, paragraph (5), and which are also aiming for a long term sustainability of the company, and compliance with the principle of good governance.*

*The variable component for non-executive members cannot exceed a maximum of 12-monthly fixed remuneration”;*

- *Article 37, paragraph (3) provides as follows: “The remuneration of the executive members of the Board of Directors [...] consists of a monthly fixed allowance that shall not exceed six times the average of the monthly gross average salary over the last 12 months for the work carried out in accordance with the company’s main business, at the level of class of activity, in accordance with the classification of activities of the national economy, as communicated by the National Institute of Statistics, prior to nomination and a variable component.*

*The variable component is established based on financial and non-financial performance indicators negotiated and approved by the General Meeting of Shareholders, which are not similar to the performance indicators approved for non-executive members, determined in compliance with the methodology provided in Article 3<sup>1</sup>, paragraph (5).*

- *Article 37, paragraph (4) – provides that “the variable component of the remuneration of the Board of Directors’ members [...] is annually revised in accordance with the level of achievement of the objectives provided in the governance plan and the level of fulfilment of the financial and non-financial performance indicators approved by the General Meeting of Shareholders, attached to the Contract of Mandate”;*
- *Article 37 paragraph (5) provides as follows: “The General Meeting of Shareholders shall ensure, when establishing the fixed monthly allowance for each member of the Board [...] as established pursuant to paragraph (2) and (4), that these are in accordance with the specific duties, the responsibilities within the advisory committees, the number of meetings, objectives and performance criteria provided in the contract of mandate;*
- *Article 38, paragraph (1) – provides as follows “the remuneration of the members of the Board is set by the Board of Directors and cannot exceed the level of remuneration set for the executive members of the Board of Directors. It represents the sole remuneration form for the managers serving also as members of the Board”;*
- *Article 38, paragraph (2) - provides as follows “the remuneration consists of a monthly fixed allowance set within the limits provided in Article 37, paragraph (3) and a variable component representing a participation share to the company’s net profit, granting of shares, stock-options or an equivalent scheme, a pension scheme or another form of remuneration based on performance indicators”;*
- *Article 38, paragraph (2) - provides as follows “The approved financial and non-financial performance indicators represent elements for determining the variable component of remuneration for the company’s directors”;*

- Article 39, paragraph (1) provides as follows: *“Remuneration and other benefits granted in accordance with the law and the contract of mandate to directors and managers in one tier system [...] shall be recorded in the annual financial statements and in the annual report of the nomination and remuneration committee, and Board of Directors [...] and will include the remuneration and other benefits granted by the company and its subsidiaries”*;
- Article 39, paragraph (3) provides as follows: *“The remuneration policy and criteria for the members of the Board and managers, in a one tier system [...] as well as the level of remuneration and other benefits granted to each member of the Board and managers, are made available to the public on the company’s web page, by the chairman of the Board of Directors [...]”*.

#### **4) GMS and Board of Directors’ Resolutions**

- GMS Resolutions appointing the members of the Board of Directors holding that position during 2020, and approving the form of the director’ agreement (during 2020):
  - Resolution No.11 of December 23, 2019 electing following persons as interim members of the Board of Directors for a four months mandate: Mr. Jude Aristotel Marius; Mrs. Stan-Olteanu Manuela-Petronela; Mr. Hărăbor Tudorel; Mr. Marin Marius-Dumitru; Mr. Botond Balazs, establishing the fixed monthly gross allowance and approving the form of the contract of mandate;
  - OGMS Resolution No. 8 of July 6, 2018, Mr. Ciobanu Romeo-Cristian and Mr. Jansen Petrus Antonius Maria reconfirming as board members, continuing their four years mandate;
  - Resolution No. 5 of April 13, 2020, approving the extension of the mandates for the interim board members for a period of two months from their expiry date;
  - Resolution No. 8 of June 25, 2020, electing following persons as interim members of the Board of Directors for a four month mandate: Mrs. Stan-Olteanu Manuela-Petronela; Mr. Jude Aristotel Marius; Mr. Simescu Nicolae Bogdan; Mr. Marin Marius-Dumitru; Mr. Botond Balazs, establishing the fixed monthly gross allowance and approving the form of the contract of mandate;
  - Resolution No. 12 of October 23, 2020, approving the extension of the mandates for the interim board members for a period of two months from their expiry date;
  - Resolution No. 14 of December 21, 2020, following the cumulative vote, appointing the following persons as interim members of the Board for a four years mandate: Mr. Jude Aristotel Marius; Mr. Marin Marius- Dumitru; Mrs. Stan-Olteanu Manuela-Petronela; Mr. Botond Balazs; Mr. Simescu Nicolae Bogdan, approving the form and content of the contract of mandate;
- GMS Resolution No.14 of August 26, 2013 setting the general limits for the remuneration of the Chief Executive Officer;

- Board of Directors Resolutions concerning the company's managers - the Chief Executive Officer, the Deputy Chief Executive Officer and the Chief Financial Officer:
  - Resolution No. 45 of October 1, 2018 appointing Mr. Volintiru Constantin Adrian as Chief Executive Officer for a mandate of four years;
  - Resolution No. 48 of October 9, 2018 approving the contract of mandate for the Chief Executive Officer;
  - Resolution No. 32 of August 26, 2020 appointing Mr. Pena Daniel Corneliu for the position of Deputy Chief Executive Officer with an interim mandate, for a period of two months, starting with August 28, 2020 until October 26, 2020, establishing a fixed monthly gross allowance;
  - Resolution No. 39 of September 30, 2020, establishing a fixed monthly gross allowance starting with September 30, 2021, considering the request of the Deputy Chief Executive Officer and the information of The Nomination and Remuneration Committee, approving the contract of mandate of Mr. Pena Daniel Corneliu as Deputy Chief Executive Officer in the form annexed to the information of the Nomination and Remuneration Committee;
  - Resolution No. 41 of October 14, 2020, extending the interim mandate of Mr. Pena Daniel Corneliu as Deputy Chief Executive Officer, by 120 days, namely until February 24, 2021, and establishing the fixed monthly gross allowance for the period October 27, 2020 – February 24, 2021;
  - Resolution No. 50 of December 9, 2020, appointing Mr. Popescu Razvan as chief Financial Officer, with an interim mandate for a period of four months, starting with December 14, 2020, establishing the fixed monthly gross allowance and approving the contract of mandate due to be concluded with the Chief Financial Officer until December 14, 2020;
  - Resolution No. 53 of December 14, 2020, approving the contract of mandate due to be signed between S.N.G.N. ROMGAZ S.A. and the Chief Financial Officer with an interim mandate.

### ***III. Composition of the Nomination and Remuneration Committee***

The Nomination and Remuneration Committee (NRC) assists the Board of Directors to fulfil its responsibilities as regards the composition and structure of the Board, the selection and remuneration of the members of the Board and managers.

↪ *The current composition of the NRC as of December 31, 2020 is as follows:*

| <b>Item</b> | <b>Name and Surname</b>      | <b>Position</b> |
|-------------|------------------------------|-----------------|
| 1           | Ciobanu Romeo Cristian       | Chairman        |
| 2           | Balazs Botond                | Member          |
| 3           | Jansen Petrus Antonius Maria | Member          |
| 4           | Jude Aristotel Marius        | Member          |
| 5           | Marin Marius Dumitru         | Member          |

↪ *Composition of the Committee as of December 31, 2019 was as follows:*

| <b>Item</b> | <b>Name and Surname</b>        | <b>Position</b> |
|-------------|--------------------------------|-----------------|
| 1           | Balazs Botond                  | Chairman        |
| 2           | Harabor Tudorel                | Member          |
| 3           | Stan-Olteanu Manuela-Petronela | Member          |

During 2020, the composition of NRC underwent changes mainly due to changes within the Board of Directors, namely:

- April 22, 2020: By Resolution No. 15, the Board of Directors approved the composition of NRC as follows: Mr. Ciobanu Romeo Cristian – chairman, Mrs. Stan-Olteanu Manuela-Petronela - member, Mr. Harabor Tudorel - member, Mr. Balazs Botond - member;
- July 1, 2020: By Resolution No. 22, the Board of Directors approved the composition of NRC as follows: Mr. Ciobanu Romeo Cristian - chairman, Mr. Balazs Botond – member, Mr. Jansen Petrus Antonius Maria - member, Mr. Simescu Nicolae Bogdan – member, Mrs. Stan-Olteanu Manuela-Petronela – member;
- November 3, 2020: By Resolution No. 44, the Board of Directors approved the composition of NRC as follows: Mr. Ciobanu Romeo Cristian – chairman, Mr. Balazs Botond – member, Mr. Jansen Petrus Antonius Maria - member, Mr. Jude Artistotel Marius – member, Mr. Marin Marius Dumitru – member;
- December 28, 2020: By Resolution No. 57, the Board of Directors approved the composition of NRC as follows: Mr. Ciobanu Romeo Cristian – chairman, Mr. Balazs Botond – member, Mr. Jansen Petrus Antonius Maria - member, Mr. Jude Artistotel Marius – member, Mr. Marin Marius Dumitru – member;

**IV. Remuneration structure and its quantum, the share of each component of remuneration related to members of the Board and managers**

During 2020:

- the Board members received, for the activity developed by them, a monthly fixed remuneration in accordance with the director's agreements in force for each member;
- the CEO received a fixed monthly allowance for his activity;
- the interim Deputy CEO received a fixed monthly allowance for his activity;
- the Interim CFO received a fixed monthly allowance for his activity;
- the fixed allowance for the members of the Board of Directors as well as the general limits for the CEO's remuneration were approved by the GSM;
- the allowance allowance was not granted to the Board members;
- the Board members did not benefit from the professional liability during 2020;
- the managers did not benefit from a Directors & Officer Liability type of professional liability insurance, at the expense of the company;

**4.1. The structure of remuneration granted to non-executive members of the Board of the Directors**

The total net remuneration related to all non-executive Board members of the company for 2020 was in amount of **RON 953,172**.

**4.1.1. The fixed monthly remuneration** was established in accordance with the above-mentioned legal provisions and as provided in the director's agreements approved by the appropriate GSM Resolutions.

The fixed net remuneration granted to all non-executive Board members of the Company for 2020 and related exclusively to 2020 was in amount of **RON 953,172**.

**4.1.2. The variable remuneration.** By the date of this Report no variable remuneration was granted for 2020.

**4.1.3 The net fixed remuneration related to each member of the Board** is detailed in the table below:

| Item | Name and surname               | Fixed remuneration | Variable Remuneration        |                              |                              | Other benefits under the agreement |
|------|--------------------------------|--------------------|------------------------------|------------------------------|------------------------------|------------------------------------|
|      |                                |                    | Related to 2019 paid in 2020 | Related to 2020 paid in 2020 | Related to 2020 paid in 2021 |                                    |
| 1    | Jude Aristotel Marius          | 139,141            | -                            | -                            | -                            | -                                  |
| 2    | Marin Marius-Dumitru           | 139,141            | -                            | -                            | -                            | -                                  |
| 3    | Stan-Olteanu Manuela-Petronela | 139,141            | -                            | -                            | -                            | -                                  |
| 4    | Balazs Botond                  | 139,141            | -                            | -                            | -                            | -                                  |

|   |                          |         |         |   |   |   |   |
|---|--------------------------|---------|---------|---|---|---|---|
| 5 | Simescu<br>Bodgan        | Nicolae | 72,103  | - | - | - | - |
| 6 | Ciobanu<br>Cristian      | Romeo   | 128,733 | - | - | - | - |
| 7 | Jansen<br>Antonius Maria | Petrus  | 128,733 | - | - | - | - |
| 8 | Harabor Tudorel          |         | 67,039  | - | - | - | - |

**4.1.4. The general performance objectives** in accordance with the Income and Expenditure Budget approved by the Shareholders of the Company.

#### **4.2. The structure of the remuneration granted to the managers of the Company**

The remuneration of the Company's managers was established by the Board of Directors in the contracts of mandate concluded with each person.

**The total fixed net remuneration** for the Company's managers for 2020 was in amount of **RON 522,400**.

No **variable remuneration** was granted for 2020.

##### **4.2.1. Remuneration granted to the CEO**

**The fixed monthly remuneration** was granted in accordance with the above-mentioned legal provisions and the Contract of mandate.

The net fixed remuneration was in amount of **RON 388,576**.

No **variable remuneration** was granted for 2020.

**Other benefits** entitled to for 2020 under the contract: rent (net RON 4,786), utilities (net RON 1,219), optional health insurance (gross RON 1,049.62).

##### **4.2.2. Remuneration granted to the interim Deputy CEO**

**The fixed monthly remuneration** was granted in accordance with the above-mentioned legal provisions and the Contract of mandate.

The net fixed remuneration was in amount of **RON 118,650**.

No **variable remuneration** was granted for 2020.

**Other benefits** entitled to for 2020 under the contract: rent (net RON 27,370), optional health insurance (gross RON 477.10)

##### **4.2.3. Remuneration granted to the interim CFO**

**The fixed monthly remuneration** was granted in accordance with the above-mentioned legal provisions and the Contract of mandate.

The net fixed remuneration was in amount of **RON 15,174**.

No **variable remuneration** was granted for 2020.

**Other benefits** entitled to for 2020 under the contract: rent (net RON 1,750), optional health insurance (gross RON 95.42).



## V. Information regarding the directors' agreements and the contracts of mandate

### 5.1. Director's Agreement

The Directors' Agreements were concluded for a four (4) years' period and the Contracts of mandate for interim directors were concluded for periods shorter than 4 months or less.

The status of the directors' agreements for the Board members who served on the Board during 2020 is described below:

| Item | Name and Surname               | Effective Date of Agreement            | Termination date of agreement          | Appointment/reconfirmation document                           | Agreement termination before expiry |
|------|--------------------------------|--|--|---|-------------------------------------|
| 1    | Jude Aristotel Marius          | 24.12.2019<br>26.06.2020<br>27.12.2020 | 25.06.2020<br>26.12.2020<br>27.04.2021 | OGMS No.<br>11/ 23.12.2019;<br>8/25.06.2020;<br>14/21.12.2020 | -                                   |
| 2    | Marin Marius-Dumitru           | 24.12.2019<br>26.06.2020<br>27.12.2020 | 25.06.2020<br>26.12.2020<br>27.04.2021 | OGMS No.<br>11/23.12.2019;<br>8/25.06.2020;<br>14/21.12.2020  | -                                   |
| 4    | Stan-Olteanu Manuela-Petronela | 24.12.2019<br>26.06.2020<br>27.12.2020 | 25.06.2020<br>26.12.2020<br>27.04.2021 | OGMS No.<br>11/ 23.12.2019;<br>8/25.06.2020;<br>14/21.12.2020 | -                                   |
| 5    | Balazs Botond                  | 24.12.2019<br>26.06.2020<br>27.12.2020 | 25.06.2020<br>26.12.2020<br>27.04.2021 | OGMS No.<br>11/23.12.2019;<br>8/25.06.2020;<br>14/21.12.2020  | -                                   |
| 6    | Simescu Nicolae Bogdan         | 26.06.2020<br>27.12.2020               | 26.12.2020<br>27.04.2021               | OGMS No.<br>8/25.06.2020;<br>14/21.12.2020                    | -                                   |
| 7    | Ciobanu Romeo Cristian         | 07.07.2018                             | 07.07.2022                             | OGMS No.<br>8/6.07.2018;<br>6/26.06.2019                      | -                                   |
| 8    | Jansen Petrus Antonius Maria   | 07.07.2018                             | 07.07.2022                             | OGMS No.<br>8/ 6.07.2018;<br>6/26.06.2019                     | -                                   |
| 8    | Harabor Tudorel                | 24.12.2019                             | 24.04.2020                             | OGMS No.<br>11/23.12.2019                                     | -                                   |

The Director's agreements include clauses on:

- Compensation for unjust dismissal;
- A 30 days' notice in case a Board member resigns;
- Other rights:
  - the right to settle the expenditures related to the execution of the mandate (expenditures related to accommodation, allowance per-diem, transportation and other expenses related to the fulfilment of the mandate and regardless if they were made locally or abroad, as well as the use of inventory items/fixed assets necessary for the performance of the activity;
  - the right to benefit from a professional liability insurance.

During 2020 no Board member was revoked due to non-fulfilment of obligations under the agreement.

## **5.2. Contracts of Mandate**

The Contracts of Mandate for the Company's Managers are concluded for a 4 (four) years' period maximum. In accordance with the law, the duration of the interim Board members' mandate is of 4 months, and may be extended, on reasonable grounds, up to 6 months.

By Resolution No. 45 of October 1, 2018, the Board of Directors appointed Mr. Volintiru Constantin Adrian as CEO for a period of 4 years.

The Contract of mandate concluded between the CEO and the Company did not include the performance indicators and criteria. These would be established subsequently by the Board of Directors through an Addendum pursuant to the legislation.

By Resolution No. 32 of August 2, 2020, the Board of Directors appointed Mr. Pena Daniel Corneliu as interim Deputy Chief Executive Officer (with mandate) for a limited period, starting with August 28, 2020 until October 26, 2020.

By Resolution No. 41 of October 14, 2020, the Board of Directors approved the extension of the interim mandate of the Deputy CEO, Mr. Pena Daniel Corneliu, by 120 day, namely until February 24, 2021.

The Contract of Mandate concluded by the interim Deputy CEO with the Company did not include the performance indicators and criteria.

By Resolution No. 50 of December 9, 2020, the Board of Directors approved the appointment of Mr. Popescu Razvan as interim Chief Financial Officer (with mandate) for a limited period, starting with December 12, 2020 until April 14, 2021.

The Contract of Mandate concluded by the interim CFO with the Company did not include the performance indicators and criteria.

The Contracts of Mandate include clauses on:

- compensation for unjust dismissal;
- A 30 days' notice in case a Board member resigns;
- other rights:

- the right to an insurance policy of type “directors & officers liabilities” at the expense of the company in compliance with Company Law No. 31/1990, republished, as subsequently supplemented and amended;
- the right to service accommodation at the expense of the company or, where applicable, if the company does not provide the service accommodation, to settle all the expenditures incurred in the accommodation in specialized units. The rent and utility charges will be net of taxes (the gross amount will be increased so that the net amount corresponds to the actual expenses paid);
- the right to benefit from all the communication systems of the Company (telephone, mobile telephone, electronic devices and other similar), expenses incurred by the Company;
- the right to settle all the expenditures related to the execution of mandate, including expenses related to the participation in events for business purposes, as well as expenses associated with per-diem allowance and business-related costs, including participation in events for business purposes (expenses related to accommodation, transportation and protocol in connection with that travel) regardless if they were incurred by travel in the country or abroad;
- the right to use for business purposes and during the mandate period a vehicle with/without a driver made available, for this purpose, by the Company and at the expense of the Company.

**CHAIRMAN**

of the Nomination and Remuneration Committee,

**Ciobanu Romeo Cristian**