ADDENDUM No. ....
to the Director Agreement no. ____/________________ of ____/____/______________

I. Preamble

Whereas:

- Government Decision No. 575/June 14, 2001 on setting up Societatea Naţională de Gaze Naturale „ROMGAZ" – S.A. Mediaş;
- Government Emergency Ordinance No. 109/2011 on public companies corporate governance („GEO No. 109/2011"), as subsequently amended and supplemented by Law No.111/2016;
- Law No. 31/1990, Company Law, republished, as amended and supplemented, („Law No. 31/1990");
- Law no.297/2004 on capital markets, as amended and supplemented ("Law No.297/2004");
- Government Decision no.722/2016 on approving the Enforcement Guidelines of certain provisions of Government Emergency Ordinance no.109/2011 on public companies corporate governance of ("G.D. No.722/2016");
- The updated Articles of Incorporation of Societatea Naţională de Gaze Naturale „ROMGAZ" – S.A. Mediaş;
- The provisions of Articles 1913 - 1919, Articles 1924 as well as Article 2009 and the following of the Civil Law;
- the Resolution of the Ordinary General Meeting of Shareholders of the company, no.8 of July 6, 2018 for approving the contract between the company and company's directors;
- Resolution of the Ordinary General Meeting of Shareholders no. ______ of _____ approving the financial and non-financial performance indicators resulted from the governance plan as well as the variable component of the directors' remuneration and the method of granting it;

the parties hereby agree to conclude this addendum to the Director Agreement no. .... as of ....hereinafter called "*Addendum*".

II. Contracting Parties

Art. 1. Societatea Naţională de Gaze Naturale „ROMGAZ" – S.A., a company managed in a one-tier system, having its headquarters at 4 Constantin Motas Square , Medias, Sibiu County, registered with the Trade Register Office of Sibiu Court under number J32/392/2001, account IBAN RO08RNCB0231019525330001, opened at BCR Medias, represented by .... acting as **principal** , („The Company"),

and

______________________ national, born on .... in ...., domiciled in .... street ...., no.............., identified with ...., no............, personal identification number ...., acting as director or **agent** ("Director/Agent")

III. Scope of the Addendum

3.1. Financial and non-financial performance indicators

Art. 2. The financial and non-financial performance indicators, approved by OGMS Resolution no. ....of ..... are provided in Annex 1 to this Addendum and will form the basis for establishing and granting the variable component of the directors' remuneration during the implementation of the director agreement.

Art. 3. The performance indicators, targets and level of their fulfilment may be changed under the law and in compliance with the procedures provided for their approval.

3.2. ***The variable component of remuneration***

Art. 4. The directors receive a variable component of remuneration (CV) amounting 12 gross monthly fixed allowances.

Art. 5. Calculation method of the variable component of the remuneration

$$\boldsymbol{CV_n = CVxGTI_n}$$

where:

CV_n - variable component of remuneration for year "n", RON;

CV - variable component of remuneration provided in Article 4 of this Addendum, RON;

CTI_n - total degree of fulfilment of the key performance indicators in year "n".

$$GTI_n = \sum_{i=1}^{16}(I_{i_n} x p_i)$$

where:

I_{i_n} - degree of fulfilment of key performance indicator "i" in year "n";

p_i - weighting factor related to the key performance indicator "i".

Art.6. Based on the value of the total fulfilment degree of the key performance indicators (GTI_n) the following measures will be taken:

- GTI ≥ 100%, the variable component of remuneration is fully granted;
- 50% ≤ GTI < 100%, the variable component of remuneration is gradually granted;
- GTI < 50%, directors may be revoked.

Art. 7. For every year of mandate, the variable component of remuneration will be granted pro-rata with the period worked in the year under the agreement, starting with the date of his/her appointment by the Ordinary General Meeting of Shareholders and until the agreement terminates.

Art. 8. Payment of the variable component is made annually, within maximum 15 days from the date the General Meeting of Shareholders approves the annual audited Financial Statements of the company and from submission of the Annual Report of the Nomination and Remuneration Committee.

IV. Final provisions

Art.9. The other clauses of the Director Agreement remain unchanged.

This Addendum has been concluded today .... in 3 (three) original copies, out of which 2 (two) copies for the Principle and 1 (one) copy for the Agent.

Societatea Naţională de Gaze Naturale „ROMGAZ" – S.A.	**Director**
By: ...., mandated by	....
Resolution no. .... of..........	
of the Ordinary General Meeting of Shareholder	

Annex 1

Key financial and non-financial performance indicators

Item no.	Key performance indicators (KPI)	Objective	2018	2019	2020	2021	2022	Weight KPI
	Financial KPI							**25%**
1.	Revenue [thousand RON]	Achieving the target committed in the Governance Plan	4,965	4,438	4,491	4,556	4,997	4%
2.	EBITDA Margin [%]	Achieving the target committed in the Governance Plan	46	31	32	33	34	7%
3.	Operating expenses related to RON 1000 operating income [*RON*]	Maintain at the level committed in the Governance Plan	691	762	784	784	784	5%
4.	Labour productivity (in value units per total average number of employees) [*thousand RON/employee*]	Achieving the target committed in the Governance Plan	886	762	772	783	858	4%
5.	Return on assets [%]	Achieving the target committed in the Governance Plan	14	9	8	8	8	5%
	Operational KPI							**30%**
6.	Achievement of the investment program [%]	≥ 75%	75	75	75	75	75	12%
7.	Reserves replacement ratio [%]	≥ 45%	45	45	45	45	45	5%
8.	Labour productivity (in physical units per total average number of employees) [*thousand m^3/employee*]	Achieving the target committed in the Governance Plan	885	858	855	842	829	6%
9.	Natural gas production decline [%]	Maintain an annual decline of 1.5%	1.5	1.5	1.5	1.5	1.5	7%
	KPI related to public services							**5%**
10.	Natural gas quality [%]	Minimum 95% of the gas quantity delivered in the NTS complies with quality requirements	95	95	95	95	95	2%
11.	Fulfilling the gas supply obligations from the sales contracts [%]	100% of the firm contracted quantity	100	100	100	100	100	3%
	KPI related to corporate governance							**40%**
12.	Timely report the company's performance indicators [%]	Comply with the legal reporting terms	100	100	100	100	100	9%

13.	Yearly review of the Code of Ethics [%]	Drafting, approval and publication on the company's website of the revised Code of Ethics, before June 30	100	100	100	100	100	7%
14.	Setting the risk management policy and risk monitoring policy [%]	Implement the provisions of Standard 8 of GSG Order no.600/2018	100	100	100	100	100	10%
15.	Implementing the internal management control system [%]	Annual implementation of minimum 14 internal control standards provided by GSG Order no. 600/2018	100	100	100	100	100	10%
16.	Request to review the company's performance indicators [%]	Request to review the performance indicators within maximum 60 days of determining the need to review	100	100	100	100	100	4%

Financial KPI

***Note*: the items below refer strictly to SNGN Romgaz SA, not to Romgaz Group.**

1. Revenue (I_{CA})

Revenue expresses the total income from current commercial activities, being one of the most important indicators for measuring the economic performance of a company. Revenue is considered to be the fundamental indicator for the volume of activities of the economic agent, being obviously included in all systems of indicators used to perform the economic diagnose and evaluation of a company and in all management efficiency assessments.

A series of conclusions can be drawn based on this indicator, related to:

- company's place and role (patrimony) in the activity sector;
- company's market position;
- company's capacity to launch and develop profitable activities;
- company's capacity to self-finance;
- performance of the trading and marketing department.

Description:

- Objective: achieving the target committed under the Governance Plan (Annex 1);
- Weight ($p_{I_{CA}}$): **4%**;
- Calculation method: $I_{CA_n} = \frac{CA_n}{CA_{PA_n}}$,

  Where:

  CA_n - revenue achieved in year "n", RON thousand;

  CA_{PA_n} - revenue included in the Governance Plan for year "n", RON thousand;
- Source of information:
  - CA_n - Annual individual financial statements from the Board of Director's Report;
  - CA_{PA_n} - Annex 1 to the Governance Plan.

2. EBITDA Margin - mEBITDA ($I_{mEBITDA}$)

EBITDA (**E**arnings **B**efore **I**nterest, **T**axes, **D**epreciation and **A**mortization) represent a measure of a company's operational performance. In essence, it is a method to evaluate the performance of a company without the need to take into consideration the financing and accounting decisions or the fiscal framework.

Description:

- Objective: achieving the target committed under the Governance Plan (Annex 1);
- Formula:
  - EBITDA = gross profit + interest expense + amortisation and depreciation expense;
  - $mEBITDA = \frac{EBITDA}{CA} x100$;
- Weight ($p_{I_{mEBITDA}}$): **7%**;
- Calculation method: $I_{mEBITDA_n} = \frac{mEBITDA_n}{40}$, [(*) – over 40 for 2018]

  Where:

  $mEBITDA_n$ - mEBITDA achieved in year "n", %;
- Source of informations:
  - $EBITDA_n$ and CA_n – Board of Director's Report.

3. Operating expenses related to RON 1000 operating income ($I_{CE/VE}$)

To assess the efficiency of incurred expenses we propose to use the indicator "operating expenses related to RON 1000 operating income", also called *operating expenses efficiency ratio.*

Description:

- Objective: maintain at the level provided in the Governance Plan (Annex 1);
- Formula: CE/VE = (Operating expenses) : (Operating income);
- Weight ($p_{I_{CE/VE}}$): **5%**;
- Calculation method: $I_{CE/VE_n} = \frac{CE/VE_n}{CE/VE_{PA_n}}$,

  Where:

  CE/VE_n - operating expenses related to RON 1000 operating income achieved in "n", RON;

  CE/VE_{PA_n} - operating expenses related to RON 1000 operating income included in the Governance Plan for year "n", RON;
- Source of information:
  - CE/VE_n - Board of Director's Report ;
  - CE/VE_{PA_n}- Annex 1 to the Governance Plan.

4. Labour productivity in physical units (I_W)

Labour productivity is one of the most important synthetic indicator of a company's economic efficiency, reflecting the labour efficiency used in the production process. Increasing labour productivity is the most important factor for enhancing the production volume, for reducing production costs and for increasing product profitability and competitiveness.

Description:

- Objective: achieving the target provided in the Governance Plan (Annex 1);
- Formula: W = (revenue) : (average number of employees);
- Weight (p_{I_W}): **4%**;
- Calculation method: $I_{W_n} = \frac{W_n}{W_{PA_n}}$,

  Where:

  W_n - labour productivity achieved in year "n", thousand RON/employee;

  W_{PA_n} - labour productivity provided in the Governance Plan for year "n", RON thousand/employee;
- Source of information:
  - W_n - revenue and average number of employees from the Board of Directors' Report;
  - W_{PA_n} - Annex 1 to the Governance Plan.

5. Return on assets (I_{ROA})

Return on assets is one of the main indicators of a company's profitability measuring the efficiency in the use of assets from the point of view of the earned profit and it shows how many RON are generated in the form of profit by one RON invested in assets. The practice suggests that an optimum reference interval for a company is the average of developed countries: 3% – 9%.

Description:

- Objective: achieving the target undertaken in the Governance Plan (Annex 1);
- Formula: ROA = (Net Profit) : (Total Assets) x 100;
- Weight ($p_{I_{ROA}}$): **5%**;

- Calculation method: $I_{ROA_n} = \frac{ROA_n}{ROA_{PA_n}}$
- Where:

  ROA_n - return on assets achieved in year "n", %;
  ROA_{PA_n} - return on assets provided in the Governance Plan for year "n", %;
- Source of information:
  - ROA_n - Net profit and total assets from the Board of Director's Report;
  - ROA_{PA_n}- Annex 1 to the Governance Plan.

Operational KPI

6. Achievement of investment programs (I_{INV})

According to art. 29 para (11) of GEO no.109/2011, the addendum to the contract of mandate that includes the variable remuneration, the financial and non-financial performance objectives and indicators, "*compulsory provide quantifiable objectives regarding lowering outstanding payments, the manner for managing liabilities and their recovery,* ***achievement of the investment plan*** *and providing cash flow for the performed activities*".

Description:
- Objective: achieving minimum 75% of the investments approved in the annual income and expenditure budget;
- Weight ($p_{I_{INV}}$): **12%**;
- Calculation method: $I_{INV_n} = \frac{INV_n}{INV_{PA_n} x 0{,}70}$,

  Where:

  INV_n - value of investments achieved in year "n", RON thousand;
  INV_{PA_n} - value of investments included in the income and expenditure budget of year "n", thousand RON;
- Source of information:
  - INV_n - Board of Director's Report;
  - INV_{PA_n} - Income and Expenditure Budget approved for year "n".

7. Reserves replacement ratio (I_{REZ})

Description:
- Objective: an annual reserves replacement ratio above 45%;
- Formula: REZ = (discovered reserves) : (natural gas production);
- Weight ($p_{I_{REZ}}$): **5%**;
- Calculation method: $I_{REZ_n} = \frac{REZ_n}{45}$,

  Where:

  REZ_n - reserves replacement ratio achieved in year "n", %;
  45 - target reserves replacement ratio, %;
- Source of information:
  - REZ_n - Board of Directors' Report.

8. Labour productivity (I_{WQ})

Description:
- Objective: achieving the target provided in the Governance Plan (Annex 1);
- Formula: WQ = (natural gas production) : (average number of employees);

- ✍ Weight ($p_{I_{WQ}}$): **6%**;
- ✍ Calculation method: $I_{WQ_n} = \frac{WQ_n}{WQ_{PA_n}}$,

  Where:

  WQ_n - labour productivity achieved in year “n”, thousand m^3 /employee;

  WQ_{PA_n} - labour productivity provided in the Governance Plan for year “n”, thousand m^3 /employee;
- ✍ Source of information:
  - o WQ_n - Board of Directors’ Report;
  - o WQ_{PA_n} - Annex 1 to the Governance Plan.

9. Natural gas production decline (I_{DP})

Description:

- ✍ Objective: maintain an annual decline of 1.5% as compared to 2017, considered “base year” to calculate the indicator until 2022;
- ✍ Weight ($p_{I_{DP}}$): **7%**;
- ✍ Calculation method: $I_{DP_n} = \frac{P_n}{P_{PA_n}}$,

  Where:

  P_n - gas production of year “n”, million m^3;

  P_{A_n} - gas production undertaken for year “n”, calculated with an annual decline of 1.5% starting from the gas production of 2017 of 5,158 million m^3;

  $P_{A_n} = 5.158\ x\ (1 - 0{,}015)^i$,

  where:

  i represents the serial number of the mandate years, namely: 2018=1, 2019=2, 2020=3, 2021=4 and 2022=5;
- ✍ Source of information:
  - o P_n - Board of Directors’ Report.

10. Natural Gas Quality (I_C)

Description:

- ✍ Objective: minimum 95% of the gas quantity delivered in the NTS is in accordance with the quality requirements;
  - o Weight (p_{I_C}): **2%**;
- ✍ Calculation method: $I_{C_n} = \frac{Q_{C_n}}{Q_{T_n} x 0{,}95}$,

  Where:

  Q_{C_n} - the natural gas quantity that meets the quality requirements delivered in year “n”, thousand m^3;

  Q_{T_n} - the total natural gas quantity delivered in the NTS in year “n”, thousand m^3;
- ✍ Source of information:
  - o Q_{C_n} - the Board of Directors’ Report.

11. Fulfilment of natural gas supply obligations under gas sale contracts (I_F)

Description:

- ✍ Objective: 100% of the firm contracted quantity;

- Weight (p_{I_F}): **3%**;
- Calculation method: $I_{F_n} = \frac{Q_{F_n}}{Q_{FC_n}}$,

  Where:

  Q_{F_n} - the quantity of delivered gas out of the firm quantity contracted in year "n", thousand m^3;

  Q_{FC_n} - the firm quantity contracted in year "n", thousand m^3;
- Source of information:
  - Q_{F_n} - quarterly reports;
  - Q_{FC_n} - quarterly reports.

KPI regarding corporate governance

12. Due time reporting of company's performance indicators (I_R)

Description:

- Objective: complying with the legal deadlines for reporting;
- Target value: "0" exceeded reporting deadlines;
- Weight (p_{I_R}): **9%**;
- Calculation method: $I_{R_n} = \frac{NR_{Rt_n}}{NR_{RT_n}}$,

  Where:

  NR_{Rt_n} - the number of reports made in due time in year "n";

  NR_{RT_n} - the total number of reports made in year "n";
- Source of information:
  - NR_{Rt_n} - the date of the actual submission of the report;
  - NR_{RT_n} - the date scheduled pursuant to the calendar/legislative act/administrative act.

13. Yearly review of the Code of Ethics (I_{CE})

Description:

- Objective: drafting, aproval and publication on companyțs website of the revised Code of Ethics, before June 30;
- Weight ($p_{I_{CE}}$): **7%**;
- Calculation method:
  - $I_{BVC_n} = 1$, if revision was performed in due time;
  - $I_{BVC_n} = 0$, if revision was not performed in due time;
- Source of information:
  - Company's website.

14. Defining the risk management policies and risk monitoring (I_R)

Description:

- Objective: implementation of Standard 8 provisions of the General Secretariat of the Government(GSG) Order no. 600/2018;
- Weight (p_{I_R}): **10%**;
- Calculation method: $I_{R_n} = \frac{NRisc_{R_n}}{NRisc_{P_n}}$,

  Where:

$NRisc_{R_n}$ - the number of measures undertaken in year "n";

$NRisc_{P_n}$ - the number of measures proposed in year "n";

- Source of information:
  - The Annual Report on risk management (drawn up in accordance with the GSG Order no.600/2018[1]).

15. Implementation of the internal management control system (I_{CIM})

Description:

- Objective: annual implementation of minimum 14 internal control standards provided under GSG Order no.600/2018;
- Weight ($p_{I_{CIM}}$): **10%**;
- Calculation method: $I_{CIM_n} = \frac{NCIM_{Rn}}{4}$,

  Where:

  $NCIM_{R_n}$ - the number of internal control standards implemented in year "n";
- Source of information:
  - The annual report on the internal management control system.

16. Request for review of company's performance indicators (I_{IP})

Description:

- Objective: review of company's performance indicators within 60 days of determining the need to review;
- Target value: complying with the 60 days' time limit;
- Weight ($p_{I_{IP}}$): **4%**;
- Calculation method: $I_{IP_n} = \frac{NIP_{tn}}{NIP_{Tn}}$,

  Where:

  NIP_{t_n} - the number of required indicators revised in due time in year "n";

  NIP_{T_n} - the total number of indicators required for revision in year "n";
- Information source:
  - GMS convening notices and the documents requiring shareholder's analysis and approval.

[1] General Secretariat of the Government Order no.600 of April 20, 2018 for the approval of the Management/Internal Control Code of public entities.