



To :

SNGN ROMGAZ SA Ordinary General Meeting of Shareholders

REPORT regarding the appointment of SNGN ROMGAZ SA's financial auditor

S.N.G.N. Romgaz S.A. („Romgaz”/”the Company”) has the obligation to audit the annual individual and consolidated financial statements, according to the Ministry for Public Finances Order No. 2844/2016 for approving the accounting Regulations according to the International Financial Reporting Standards:

„ART. 7

(1) *The annual individual financial statements prepared by entities according to IFRS accounting regulations are scope of the statutory audit, according to the law.*

(2) *Also, the annual consolidated financial statements according to the IFRS prepared by entities as parent company are scope of the statutory audit, according to the law.*

CHAPTER 6

Section 6.1.

34. (1) *The annual financial statements of entities are audited by one or more statutory auditors or audit firms.*

(2) *Also, the statutory auditor (auditors) or the audit firm (firms):*

a) *express an opinion regarding:*

i) *The consistency of the directors' report with the annual financial statements for the same financial year; and*

ii) *The preparation of the directors' report according to the applicable legal requirements;*

b) *declare if, based on the knowledge and understanding acquired during the audit regarding the entity and its environment, has/have identified significant erroneous information presented in the directors' report indicating the nature of these erroneous information.*

35. (1) *Provisions of point 34 paragraph (1) are also applicable to the annual consolidated financial statements.*

(2) *Provisions of point 34 paragraph (2) are also applicable to the annual consolidated financial statements and the directors' consolidated reports.”*

Capital social: 385.422.400 lei

CIF: RO 14056826

Nr. Ord.reg.com/an : J32/392/2001

RO08 RNCB 0231 0195 2533 0001 - BCR Mediaș

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Also, besides auditing the annual financial statements, the financial auditor has other obligations too, according to the laws applicable to the Company:

- a) According to Regulation No. 5 from May 10, 2018 of the Financial Supervisory Authority ("ASF") regarding the issuers of financial instruments and market operations:

„ART. 144

Issuers whose securities are admitted to trading on a regulated market draw up, publish and transmit to ASF and to the market operator the following reports:

B. Reports provided under art. 82 from Law No. 24/2017

(4) At the end of each semester, the financial auditor shall analyse the transactions reported during that semester according to art. 82 of Law no. 24/2017 and shall, within maximum 30 days from the end of the reporting period, draw up a report stating whether the price, in conjunction with the rights and obligations undertaken by the parties, is correct in relation to other existing offers on the market. If the transactions are not carried out at the market price, the causes which led to this derogation and the pricing policies shall be specified. Within maximum 24 hours from receiving the report from the financial auditor, the issuer shall draw up, publish and transmit to the ASF and to the market operator, according to the model in annex no. 12, the report by which it submits for publication the report drawn up by the financial auditor.

C. Reports in which the additional reports provided in art. 94 paragraph (1) letter b) from Law No. 24/2017 are submitted for publication

(1) Shareholders representing at least 5% of the total voting rights in a GMS of an issuer may request additional reporting by the financial auditors in accordance with the provisions of art. 94 par. (1) point b) of Law no. 24/2017 regarding the operations that are part of the reporting framework defined by the international accounting standards or the reporting field regarding the periodic or continuous information provided by the Law no. 24/2017 and this Regulation.

- b) According to Decision No. 1139/2006 for approving the Regulations regarding the accounting, legal, functional and organizational separation of the regulated activities from the natural gas sector issued by the National Regulatory Authority in the Natural Gas (ANRGN) field:

„ART. 12

(1) Starting with the financial year 2006, companies that carry out activities regulated within the natural gas field will provide ANRGN the statements regarding the expenses, revenues, tangible assets/intangible assets and inventory objects related to the activities carried out, prepared according to the models attached to this regulation, as well as the financial statements of the company, registered at the general directorate of public finances. These statements will be provided until July 1st of each financial year, following the year for which the report was prepared. Before providing the report, the requested statements will be audited/verified according to the legal provisions in force, especially the compliance with the obligation to avoid cross-subsidizations between the carried out activities."



c) According to Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, article 11:

„(1) Statutory auditors or audit firms carrying out statutory audits of public-interest entities shall submit an additional report to the audit committee of the audited entity not later than the date of submission of the audit report.”

Additional to the legal requirements, the Company requests the financial auditor to review the interim consolidated financial statements of Romgaz Group for the three-month and six-month periods ending on June 30, 2019 and June 30, 2020.

Therefore, based on the provisions of Law No. 99/2016 on sectorial procurements, the Company organised together with S.N.G.N. ROMGAZ S.A. - Filiala de Înmagazinare Gaze Naturale DEPOGAZ Ploiești S.R.L. („Depogaz”) the sectorial procurement procedure by open bid for financial audit services for 2018-2020, in line with the approvals received from the Audit Committees and the Board of Directors of both companies. Depogaz identified its own auditing obligations.

The award criteria for the audit contract was the best price-quality ratio. The price taken into account was the total price for the services that are going to be provided for Romgaz and Depogaz.

Three audit firms sent their offers during the procurement procedure, the most advantageous one being received from Ernst & Young Assurance Services SRL.

The evaluation committee awarded the contract to Ernst & Young Assurance Services SRL further to the procurement procedure for financial audit services.

The results of the procurement procedure were presented to the Audit Committee that recommended Romgaz Board of Directors the appointment of Ernst & Young Assurance Services SRL as Romgaz’s financial auditor for 2018-2020.


Romgaz Board of Directors endorsed the appointment of Ernst & Young Assurance Services SRL as Romgaz’s financial auditor, further to the Audit Committee’s proposal.

According to Law No. 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other laws:

“Art.62

Appointment of financial auditors or of audit firms

(1) The financial auditor or the audit firm is appointed by the general meeting of shareholders or by the audited entity’s partners. The statutory audit is performed under the statutory audit contract concluded in writing, after the appointment date of the financial auditor or audit firm by the general meeting of shareholders or by the audited entity’s partners”.



In compliance with Law 31/1990 on companies:

“Art.111

(2) Besides debating other items included on the agenda, the general meeting is obliged:

b^1) in case of companies whose financial statements are audited, to appoint or to revoke the financial auditor and to set the minimum term of the financial audit contract”.

Considering the above mentioned, we submit for the approval of S.N.G.N. Romgaz S.A. Ordinary General Meeting of Shareholders the following:

- a) To approve the appointment of Ernst & Young Assurance Services S.R.L. as financial auditor of S.N.G.N. Romgaz S.A.;
- b) To set the minimum term for the financial audit contract to three years for providing specific services for years 2018, 2019, 2020.

Chairman of the Board of Directors

Dorin-Liviu Nistoran

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.