
Subject to endorsement in the BoD meeting dated 23.03.2023 and approval of the O.G.M.S dated 27.04.2023

The Company CONPET S.A.

The Nomination and Remuneration Committee

No. 10826/ 22.03.2023

ANNUAL REPORT

**on remuneration and other benefits granted to administrators and directors with contract of mandate,
during the financial year 2022
(Remuneration report)**

The annual report of the Remuneration Consultative Committee on the evaluation of the performances of the administrative and executive management of CONPET S.A. for the activity carried out in 2022 is elaborated in accordance with the provisions of Art. 55 para. (2) and (3) of Government Emergency Ordinance no. 109/2011 *on the corporate governance of public enterprises*, and the provisions of Art. 107 para. (1) and (2) of Law no. 24/2017 ANRE President's Order no. 24/ 2017 *on issuers of financial instruments and market operations*, and includes:

I. General information

I. 1. The legal framework regarding the remuneration policy and criteria for the administrators and Directors with mandate contract of the company CONPET S.A.

In drafting this report there have been considered the followings

- **Applicable legal provisions**
- ✓ Art. 37 of GEO no. 109/2011 on the corporate governance of public enterprises, subsequent amendments and completions, on the remuneration of the BoD members.
- ✓ Art. 38 of GEO no. 109/2011, on the remuneration of directors of CONPET.
- ✓ Art. 39 of GEO no. 109/2011 on the benefits and/or other advantages granted to the BoD members and to the directors
- ✓ Art. 34 of GEO 109/2011 which provides for the competence of the Nomination and Remuneration Committee to make proposals on directors' remuneration and the structure thereof.
- ✓ Art. 106 and 107 of Law no. 24/2017

- ✓ Art. 111, art. 142, art. 143 and art. 153¹⁸ of Law no. 31/1990 on the establishment and approval of remuneration due to administrators and/or directors
- **Internal Regulation CONPET S.A.**
- ✓ *The Articles of Incorporation, updated on 28.04.2022*
- ✓ The Code of Corporate Governance of CONPET S.A.
- ✓ The Remuneration Policy approved by the OGMS of CONPET SA dated 28.04.2021.
- **OGMS Resolutions and BoD Decisions by which were appointed the members of the Board of Directors in office during 2022 and by which the contracts for their mandate were approved:**

 - OGMS Resolution no. 5/22.08.2018 by which, following the completion of recruitment and selection procedure of the administrators provided by GEO no 109/2011 on the corporate governance of public enterprises, was approved the election of the members of the BoD by applying the cumulative voting method, respectively Mr. Iacob Ciprian – Constantin, Mr. Popa Claudiu - Aurelian, Mr. Gavrilă Florin - Daniel, Mr. Albulescu Mihai - Adrian, Mr. Gheorghe Cristian - Florin, Mr. Meșca Darius- Dumitru and Ms. Pavăl Karina and is approved the form and content of the mandate contract as proposed by the majority shareholder.
 - BoD Decision no. 17/04.07.2019 by which Mr. Buică Nicușor - Marian is appointed in the capacity of provisional administrator, taking into account the proposal from the shareholder DEDEMAN SRL, starting 05.07.2019 and until the OGMS meeting, on the vacancy due to waiver of mandate and the capacity of administrator of Ms. Pavăl Karina. However, through this decision, the Board of Directors approved the conclusion of the mandate contract of the provisional administrator, valid until the OGMS meeting, agreement with form and content similar to the contract approved by OGMS Resolution no. 5/22.08.2018 for the other administrators.
 - Decision no. 5/30.09.2019 by which Mr. Buică Nicușor - Marian was appointed by the OGMS as administrator of the company CONPET SA and the contract of mandate thereof was approved.
 - BoD Decision no. 5/23.03.2021 by which Mrs. Kohalmi-Szabo Luminița - Doina, was appointed administrator of CONPET SA with a term of office starting 08.04.2021, until the convening of the Ordinary General Meeting of Shareholders, but no later than 07.08.2021, on the vacancy due to waiver of mandate of administrator of Mr. Meșca Darius - Dumitru and by which and the contract of mandate with the provisional administrator was approved.
 - BoD Resolution no. 2/04.08.2021 by which Mrs. Kohalmi Szabo Luminița - Doina was appointed in the capacity of provisional administrator of the Company CONPET S.A., with a term of office of 4 months,

respectively as of the date of the OGMS Resolution. (04.08.2021) until 03.12.2021 (inclusive of) and by which was approved the contract of mandate concluded therewith.

- BoD Resolution no. 4/07.12.2021 by which Mrs. Kohalmi - Szabo Luminița - Doina has been appointed as provisional administrator of the company CONPET SA, with a duration of mandate of 4 months as of the date of the OGMS Resolution, respectively starting 7.12.2021 and until 06.04.2022 (inclusive of) and by which was approved the contract of mandate concluded therewith.
- OGMS Resolution no. 2/28.04.2022 by which Mrs. Kohalmi - Szabo Luminița - Doina was appointed in the capacity of provisional administrator of the Company CONPET S.A, with a term of office of 4 months as of the date of the OGMS Resolution, respectively as of 28.04.2022 until 21.08.2022 (inclusive of), or until the completion of the recruitment and selection procedure provided for in GEO no. 109/2011 on the corporate governance of public enterprises, if this takes place earlier than 4 months as of the appointment by the OGMS of the provisional administrator, and by which the mandate contract concluded therewith was approved.
- OGMS Resolution no. 4/18.08.2022 by which 5 provisional administrators of the company CONPET S.A. were appointed (Mr. Gheorghe Cristian - Florin, Mr. Buică Nicușor - Marian, Mr. Albulescu Mihai - Adrian, Mrs. Kohalmi- Szabo Luminița - Doina, Mrs. Kohalmi - Szabo Luminița - Doina) with a term of office of 4 months as of the date of the OGMS Resolution, respectively as of 22.08.2022 until 21.12.2022 (inclusive of), or until the completion of the recruitment and selection procedure provided for in GEO no. 109/2011 on the corporate governance of public enterprises, if this takes place earlier than 4 months as of the appointment by the OGMS of the provisional administrator, and by which the mandate contract concluded therewith was approved.
- BoD Decision no. 17/26.08.2022 by which 2 provisional administrators were appointed (Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai), with a mandate starting 26.08.2022 until the convening of the OGMS, respectively up to 28.10.2022 and by which the contract of mandate concluded therewith was approved.
- OGMS Resolution no. 6/28.10.2022 by which 2 provisional administrators were appointed (Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai), with a mandate starting 28.10.2022 and up to 21.12.2022 and the contract of mandate was approved.
- OGMS Resolution no. 7/14.12.2023 by which the mandate of the 7 provisional administrators was extended by 2 months (4 months' mandate), respectively between 22.12.2022 - 21.02.2023 (inclusive of).
- **The BoD Decisions by which the directors with contract of mandate in office during 2022 were appointed and by which the contracts for their mandate were approved:**

- BoD Decision no. 27/06.11.2018 by which, following the carrying out of the recruitment and selection procedure of the Director General and the Chief Financial Officer (also called the Economic Director) carried out in accordance with the provisions of GEO no. 109/2011 *on the corporate governance of public enterprises*, the BoD appoints Mrs. Toader Sanda in the capacity of Economic Director of CONPET S.A., with a 4 years' mandate, starting 07.11.2018 and up to 06.11.2022 and approves the mandate contract.
- BoD Decision no. 23/28.10.2022, by which the BoD appoints Mrs. Toader Sanda in the capacity of provisional Economic Director, with a term of mandate of 4 months, respectively between 07.11.2022 - 07.03.2023, with the possibility of extension up to maximum 6 months.
- BoD Decision no. 5/18.02.2019, by which, following the unrolling of the recruitment and selection procedure of the Deputy Director General carried out in accordance with GEO no.109/2011 *on the corporate governance in public enterprises*, the BoD appoints Mrs. DUMITRACHE Mihaela - Anamaria in the capacity of Deputy Director General of CONPET S.A., with a 4 years' mandate, starting 18.02.2019 and up to 17.02.2023 (inclusive of), and approves the mandate contract.
- BoD Decision no. 3/05.02.2021, by which the BoD appoints Mr. Dorin Tudora as Director General starting 05.02.2021, until the completion of the recruitment and selection procedure provided by GEO no. 109/2011 on the corporate governance of public enterprises, but not more than 4 months, respectively up to 04.06.2021 and approves the contract of mandate.
- BoD Decision no. 8/20.04.2021, by which, following the unrolling of the recruitment and selection procedure of the Director General according to the provisions of GEO no. 109/2011 on the corporate governance of public enterprises approved by Law no. 111/2016, subsequent amendments and completions, the BoD appointed Mr. Dorin Tudora in the capacity of Director General, with a term of office of 4 years, respectively starting 21.04.2021 until 20.04.2025 (inclusive of).

I. 2. The role and functions of the Nomination and Remuneration Committee, established within the Board of Directors of CONPET S.A., based on the Decision of the Board of Directors no. 16/2013, having attributions of evaluation, consultation and elaboration of proposals in order to nominate the members of the Board of Directors and the directors with mandate contract, as well as their remuneration in accordance with the legal provisions in force.

The Nomination and Remuneration Committee:

- coordinates the selection process of the members of the Board of Directors for the election/appointment by the O.G.M.S., recommends to the Board of Directors candidates for the position of provisional

administrator, until the O.G.M.S. meeting, in case of vacancy of seats within the BoD or for the position of administrator, for the election/appointment by the O.G.M.S.;

- carries out the recruitment and selection process of directors with mandate contract if the BoD mandates in this regard.

In the field of the remuneration activity, the Nomination and Remuneration Committee:

- formulates proposals for the G.M.S. regarding the level of remuneration of administrators, including proposals regarding the amount and conditions for granting the fixed/variable allowance due to the members of the Board of Directors;
- formulates proposals regarding the remuneration of directors within the general limits set by the G.M.S and by the law;
- elaborates and submits for approval to the O.G.M.S. a policy on the remuneration of administrators and directors with a mandate contract and formulates proposals for its revision;
- develops the form and content of the mandate contracts of administrators and directors with mandate contract and proposes the addition/amendment by Addenda;
- submits to the OGMS, approving the annual financial statements, an annual report regarding the remuneration and other benefits granted to administrators and directors with mandate contract during the previous financial year, a report structured according to GEO no.109/2011 on the corporate governance in public enterprises.

In the reference period, the composition of the Nomination and Remuneration Committee has been the following:

BoD Decision no. 9/28.04.2021/BoD Decision no. 10/12.05.2022

ALBULESCU Mihai - Adrian - President;
 POPA Claudiu - Aurelian - member;
 GAVRILĂ Florin - Daniel - member;
 BUICĂ Nicușor - Marian - member;
 KOHALMI - SZABO Luminița - Doina - member

BoD Decision no. 16/22.08.2022

ALBULESCU Mihai - Adrian - President;
 BUICĂ Nicușor - Marian - member;
 GHEORGHE Cristian - Florin - member.

BoD Decision no. 17/26.08.2022

ALBULESCU Mihai - Adrian - President;

BUICĂ Nicușor - Marian - member;
 GHEORGHE Cristian - Florin - member;
 KOHALMI - SZABO Luminița - Doina - member
 GAVRILĂ Florin - Daniel - member.

The Nomination and Remuneration Committee is a permanent committee with advisory role, directly subordinated to the Company's Board of Directors. This Committee is responsible for evaluation, advising and preparation of proposals for the nomination of the members of the Board of Directors and directors with mandate contract, as well and monitoring and implementing the remuneration policy at Company's level.

The Remuneration Report for 2021 has been approved by OGMS Resolution no.2/28.04.2022, with the mention in the Protocol of the meeting that the responsibility for the correctness, reality and completeness of the data and information contained in the C.N.R. Report as provided for in art. 107 of Law 24/2017 regarding the issuers of financial instruments and market operations, republished, is the responsibility of the administrative management of CONPET S.A.

The opinion resulting from the vote had an advisory character according to the provisions of Art. 107 Para. (6) of Law 24/ 2017, the result of the vote being published on the Company's website at the address www.conpet.ro, section "Investor relations/GMS documents" - O.G.M.S. dated 28.04.2022.

I. 3. Status of mandates of administrators and Directors with mandate contract during 2022

With regard to the composition of the BoD, we note the following information regarding the year 2022:

- Until 21.08.2022, out of the 7 administrators of the company, 5 administrators had the term of mandate of 4 years, 1 administrator had a term of the mandate of 3 years and 1 month and 1 provisional administrator had mandate terms of 4 months each and a maximum duration of 6 months, as a result of their extension, so on the whole, the BoD had a stable and homogeneous structure.
- During 22.08.2022 - 25.08.2022, the BoD had 5 provisional administrators.
- Starting 26.08.2022 and up to 31.12.2022, the structure of the Board of Directors of the company consisted of 7 provisional administrators, with terms of mandate between 2 and 4 months, extended up to maximum 6 months.
- For the provisional administrators, the OGMS approved only the granting of the gross fixed monthly allowance and established its amount, without granting the variable component of the remuneration.

With regard to the Directors with mandate contract, we note the following information regarding the year 2022:

- Similar to the situation of the mandates of the BoD members, the Director General, the Deputy Director General and the Economic Director had 4-year mandate contracts, being appointed to the position following the carrying out of the procedure of their recruitment and selection, in accordance with the provisions of the Government Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, approved with amendments and additions by Law no. 111/ 2016.
- Starting 07.11.2022 the Board of Directors appointed the provisional Economic Director (due to timely termination of the mandate thereof), with a term of mandate of 4 months, subsequently extended by 2 months.
- For the provisional Economic Director, the Board of Directors approved only the granting of the gross fixed monthly allowance and established its amount, without granting the variable component of the remuneration.

According to the mandate contracts concluded and/or in progress in the financial year 2022, the administrators and directors of the Company have received the equivalent value of some rights representing benefits and other advantages, which in accordance with art. 39 of GEO no. 109/2011, must be recorded in the annual financial statements. For the year 2022, the values are detailed in Chapter II of the Remuneration Report. The status of the provisional appointments of administrators and directors and the details of their allowance is an issue considered and mentioned in the Remuneration Policy.

Within the Remuneration policy it was provided the possibility of its revision, in the event of any significant change (appointment of administrators and directors with mandate contract following the selection and setting of the variable component) and at least once every 4 years from the date of its approval, according to Art. 92 index 1 of Law 24/ 2017, corroborated with art. 29, respectively Art. 25 of GEO no. 109/ 2011.

By OGMS Resolution no. 5/20.09.2022 has been approved the initiation of the selection procedure of the members of the Board of Directors at CONPET S.A., in accordance with the provisions of GEO no. 109/2011 on the corporate governance of public enterprises, approved with amendments and additions by Law no. 111/ 2016. The selection procedure is organized by the Ministry of Energy on behalf of the Romanian State.

II. Remuneration Report for 2022

II. I. Structure of the report

The information in the remuneration report is structured by categories, according to the requirements of Art. 107 of Law no. 24/2017 corroborated with the provisions of Art. 55 Para. (2) and (3) of GEO no. 109/ 2011, as follows:

- the total remuneration broken down by component, the relative proportion of fixed and variable remuneration, including an explanation of how the total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of the issuer and information on how the performance criteria have been applied;
- other rights, in the form of benefits and/or advantages that, according to the law, are not part of the remuneration granted to the managers for the execution of the mandate;
- the annual amendment in remuneration, the issuer's performance and the average remuneration on the basis of the full-time equivalent of the issuer's employees who are not directors for at least the last 5 financial years, presented together in a manner that allows comparison;
- any remuneration received from any entity belonging to the same group;
- the number of shares and options in shares granted or offered, as well as the main conditions for the exercise of the related rights, including the strike price and the date, together with any changes thereto;
- information on the use of the possibility of recovering variable remuneration;
- the Considerations justifying any scheme of annual bonuses or non-monetary advantages;
- information on any deviation from the procedure for implementing the remuneration policy referred to in Article 106 Para. (8) - (12) and on any derogations applied in accordance with Article 106 Para. (6), including explanations of the nature of the exceptional circumstances and an indication of the specific elements from which the derogation was made.

II. 2. Contents of the report

II. 2. 1. Total remuneration broken down on components, the relative proportion of the fixed and variable remuneration

In 2022:

- the administrators and directors with mandate contracts have received for their activity, a fixed monthly allowance in accordance with the contract of mandate concluded with the company;
- the fixed and variable allowance for the administrators of the company and the general limits of the remuneration of directors with mandate contract were approved by the GMS;
- the gross monthly fixed salary and the variable remuneration component for directors with mandate contract was approved/set by the Board of Directors;

- the variable component was granted to administrators and directors with mandate contract (Director General, Economic Director and Deputy Director General) after approval of the financial statements for the financial year ended on 31.12.2021;
- the provisional administrators and the provisional Economic Director benefited only from a gross fixed monthly allowance.

1. Fixed remuneration

a) Nonexecutive administrators:

For the period 01.01.2022 - 21.08.2022 the gross monthly fixed allowance for the administrators (including the provisional administrator), was equal to twice the average for the last 12 months of the average gross monthly earnings for the activity carried out according to the core business registered by the company at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment, respectively in the amount of 13,022 Ron monthly gross (established by the OGMS Resolution no. 5/22.08.2018).

For the period 22.08.2022 - 31.12.2022 the monthly gross fixed allowance for the execution of the entrusted mandate is equal to 1.36 times the average for the last 12 months of the average gross monthly salary for the activity carried out according to the core business registered by the Company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment, respectively in the amount of 13,076.40 Ron (established by the O.G.M.S. Resolution no. 5/20.09.2022).

The amount of the monthly gross fixed allowance of administrators (including provisional administrators) complies with the limit regulated in Chapter VII of the Remuneration Policy on remuneration of non-executive directors.

The payment of the gross monthly fixed allowance is made once a month, namely on the 26th of the current month, regardless of the number of meetings per month for which the payment is made.

The total net fixed remuneration paid between 01.01.2022 - 31.12.2022 to the members of the Board of Directors was of 633,551 Ron.

b) The Directors with mandate contracts

The general limits of the fixed remuneration of directors with mandate contract have been set by OGMS Resolution no. 7/18.12.2018.

The Director General

For the period 01.01.2022 - 31.12.2022, the gross monthly fixed allowance of the Director General is in amount of 53,160 Ron, i.e. 6 times the average for the last 12 months of the average gross monthly salary for the activity carried out according to the core business registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment and was established by BoD Decision no. 8/20.04.2021.

Deputy Director General

For the period 01.01.2022 - 31.12.2022, the gross monthly fixed allowance of the Deputy Director General is in amount of 35,290 Ron, i.e. 5 times the average over the last 12 months of the average gross monthly salary for the activity carried out according to the core business registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment and was established by the BoD Decision no. 5/18.02.2019.

The Economic Director

For the period 01.01.2022 - 07.11.2022, the gross monthly fixed allowance of the Economic Director is in amount of 33,680 Ron, i.e. 5 times the average over the last 12 months of the average gross monthly salary for the activity carried out according to the core business registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment and was established by the BoD Decision no. 33/18.12.2018.

For the period 08.11.2022 - 31.12.2022, the gross monthly fixed allowance of the Provisional Economic Director is in amount of 48,649 Ron, i.e. 5 times the average over the last 12 months of the average gross monthly salary for the activity carried out according to the core business registered by the company, at class level, according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment and was established by the BoD Decision no. 23/28.10.2022.

The amount of the gross monthly fixed allowance of Directors (including the provisional Director) complies with the limit regulated in Chapter VIII of the Remuneration Policy on the remuneration of Directors with mandate contracts.

The payment of the gross monthly fixed allowance is made once a month, namely on the 11th at the latest, for the previous month.

The total net fixed allowance paid during 01.01.2022 - 31.12.2022 to the directors with mandate contract was of 901,084 Ron.

2. The variable component of the remuneration

a) Nonexecutive administrators:

For the period 01.01.2022 - 21.08.2022, the administrators of the company (except for the provisional administrator) benefit from variable remuneration, calculated pro-rata in relation to the mandate period, and the maximum value of the variable component of the remuneration is in the amount of 12 fixed monthly allowances, granted under the law, respectively with the compliance with the provisions of the Revenues and Expenditure Budget approved in accordance with the applicable legal provisions in force the established methodology.

The variable component is being determined and granted according to the fulfillment of the objectives included in the Administration plan and to the financial and non-financial performance indicators approved by the General Meeting of Shareholders.

The payment of the variable component is made annually, in no more than 15 days as of the approval, within the OGMS of the annual financial statements audited in compliance with IFRS and the presentation of the annual report of the Nomination and Remuneration Consultative Committee regarding the total degree of achievement of the financial and non-financial key performance indicators approved pursuant to the OGMS Resolution no. 7/18.12.2018.

The method of calculating and granting the variable component and the conditions for revision of the objectives and performance indicators were established by Addendum no. 1 to the Contract of mandate of the Administrators approved by OGMS Resolution no. 7/18.12.2018, the respective provisions being included in the contract of mandate of Buică Nicușor- Marian approved by BoD Decision no. 17/04.07.2019 (provisional administrator) and by OGMS Resolution no. 7/30.09.2019 (appointed administrator with mandate up to 21.08.2022).

The means of calculation and granting of the variable component of the administrators is the following:

The variable component = The value of the variable component set pursuant to the addendum to the contract of mandate x Total degree of fulfillment of the performance indicators (KPIs)

Total Degree of achievement of the performance indicators (GT_{ICP}) is the amount of the degree of achievement of every KPI (GI_{ICP}) weighted by the weighting coefficient (W_{ICP}) related to every KPI.

The calculation formula is the following:

$$GT_{ICP} = \sum_{i=1}^n GI_{iICP} \times W_{iICP}$$

where:

GT_{ICP} = Total annual degree of achievement of the KPI

W_{ICP} = Weighting Coefficient (weight) for every KPI

GI_{ICP} = Degree of achievement of the individual KPI

ii = individual indicator (Degree of Achievement %)

The degree of fulfillment of every KPI (GI_{ICP}) is the degree of achievement of every KPI, considering the means of calculation provided at every KPI, subsequently weighted by the weighting coefficient ($W_{i ICP}$) related to each KPI.

The variable component of remuneration due to administrators will be directly proportional to GT_{ICP} for the corresponding financial year or part of the corresponding financial year.

Also, in case that:

- $GT_{ICP} \geq 100\%$, the variable component of the remuneration is being awarded in amount of 12 monthly gross fixed allowances.
- $80\% \leq GT_{ICP} < 100\%$, the variable component of the remuneration is being awarded proportionally.
- $GT_{ICP} < 80\%$, the variable component of the remuneration is not being paid.

For the period 22.08.2022 - 31.12.2022 there is no variable component of remuneration provided in the mandate contract.

The variable component paid to the members of the Board of Directors for 2021 was in total net amount of 573,109 Ron and was paid after approval by OGMS Resolution no. 2 dated 28.04.2022,

For the variable component due to the members of the BoD for 2022 to be paid in 2023, has been set up a provision in amount of 613,347 Ron (including the contribution of the employer), calculated according to the number of days for the period of mandate.

The detailed structure of the net remuneration for each administrator is the following:

Crt. No.	Name and Surname	Total net remuneration divided by components, paid in 2022	Relative proportion of the fixed remuneration	Relative proportion of the variable remuneration
1.	Gheorghe Cristian - Florin	Total 182,964 Ron, o/w: 91,551 Ron fixed component and 91,413 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 58,485 Ron.	50%	50%

Crt. No.	Name and Surname	Total net remuneration divided by components, paid in 2022	Relative proportion of the fixed remuneration	Relative proportion of the variable remuneration
2.	Albulescu Mihai Adrian	Total 182,964 Ron, o/w: 91,551 Ron fixed component and 91,413 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 58,485 Ron.	50%	50%
3.	Buică Nicușor - Marian	Total 182,964 Ron, o/w: 91,551 Ron fixed component and 91,413 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 58,485 Ron.	50%	50%
4.	Gavrilă Florin – Daniel	Total 181,977 Ron, o/w: 90,564 Ron fixed component and 91,413 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 58,485 Ron.	49.77%	50.23%
5.	Kohalmi - Szabo Luminița - Doina	Total 86,219 Ron, o/w: 86,219 Ron fixed component	100%	-
6.	Zaman Andrei - Mihai	Total 32,077 Ron, o/w: 32,077 Ron fixed component	100%	-
7.	Tănăsică Oana - Cristina	Total 33,064 Ron, o/w: 33,064 Ron fixed component	100%	-
8.	Iacob Constantin – Ciprian	Total 149,900 Ron, o/w: 58,487 Ron fixed component and 91,413 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 58,485 Ron.	39%	61%

Crt. No.	Name and Surname	Total net remuneration divided by components, paid in 2022	Relative proportion of the fixed remuneration	Relative proportion of the variable remuneration
9.	Popa Claudiu – Aurelian	Total 149,900 Ron, o/w: 58,487 Ron fixed component and 91,413 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 58,485 Ron.	39%	61%
10.	Meșca Darius - Dumitru	Total 24,631 Ron, o/w: 0 Ron fixed component and 24,631 Ron variable component related to 2021	-	100%

b) The Directors with mandate contracts

The General Director, the Deputy Director General and the Economic Director benefit from a **variable component of the remuneration**, for each year of administration, which will be granted pro-rata with the period worked of the year, from the date of appointment to the position of Director by the Board of Directors. It will be included in the Budget of each financial year and be paid after approval of the financial statements of the prior financial year, in relation to the fulfillment of the performance key indicators.

The amount of variable component remuneration, method of calculation and the conditions for the granting thereof according to the degree of fulfillment of financial and non-financial performance indicators, in conjunction with the general limits of the variable remuneration component approved by OGMS Resolution no. 7/18.12.2018 for directors with mandate contract (Director General, Deputy Director General and Economic Director) were established by the Board of Directors by Addenda to the the mandate contract.

The variable component granted to the directors with mandate contract (Director General, Deputy Director General and Economic Director) for 2021 was in the total net amount of 783,855 Ron and was paid after the granting being approved by BoD Decision no. 4/21.03.2022, respectively within 15 days from the date of approval by OGMS Resolution no. 2/28.04.2022 of the audited annual financial statements and of the presentation of the Annual Report of the Nomination and Remuneration Committee on the total degree of

fulfillment of the KPIs, for the mandate period carried out in 2021, in accordance with the provisions of the mandate contracts.

For the variable component of the Directors with mandate contracts for 2022 due to be paid in 2023, has been set up a provision in amount of 1,436,220 Ron gross (including the contribution of the employer), calculated according to the number of days for the period of mandate.

For the period 08.11.2022 - 31.12.2022 there is no variable component of remuneration provided in the mandate contract for the provisional Economic Director

The detailed structure of the net remuneration due to each director with mandate contract in the financial year 2022 is the following:

Name and Surname	Total net remuneration divided by components, paid in 2022	Relative proportion of the fixed remuneration	Relative proportion of the variable remuneration
TUDORA Dorin Director General	Total 632,523 Ron, o/w: 373,368 Ron fixed component and 259,155 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 373,183 Ron.	59.03%	40.97%
- DUMITRACHE Mihaela - Anamaria	Total 550,518 Ron, o/w: 275,256 Ron fixed component and 275,262 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 275,262 Ron.	50%	50%
TOADER Sanda Economic Director	Total 488,894 Ron, o/w: 252,460 Ron fixed component and 236,434 Ron variable component related to 2021. The variable component which is to be paid in 2023 for the year 2022 is of 200,780 Ron.	51.64%	48.36%

Name and Surname	Total net remuneration divided by components, paid in 2022	Relative proportion of the fixed remuneration	Relative proportion of the variable remuneration
Chiș Timur - Vasile Director General Period November 2018 - January 2021	Total 13,004 Ron, o/w: 13,004 Ron variable component related to 2021.	0%	100%

Financial and non-financial key performance indicators underlying the variable remuneration component of the administrators and Directors with mandate contract:

According to OGMS Resolution no. 7/18.12.2018 the financial and non-financial performance indicators of administrators were approved (KPIs) for the administrators of the company, calculated in conjunction with the Administration Plan for the period 2018-2022, which will be used for determining and granting the variable remuneration component of administrators during the execution of the contract of mandate 2022.

By BoD Decision no. 33/18.12.2018 the key performance indicators (KPIs) for the Director General and the Economic Director, the targets and their weights thereof for the period 2018-2022 were approved, which constitute Annex. 1 to their contract of mandate, concluding Addendum no. 1 to the contract.

By BoD Decision no. 8/19.03.2019 Addendum no. 1 to the contract of mandate of the Deputy Director General was approved, covering the financial and non-financial key performance indicators (KPIs), included in Annex no.1 thereto, and some mentions of the variable remuneration component.

By BoD Decision no. 10/09.04.2019 it was approved Addendum no. 2 to the Contract of mandate of directors covering some changes/additions to the contractual provisions (limit of failing to achieve performance objectives and financial and non-financial performance indicators entitling the revocation of the mandate of directors).

By OGMS Resolution no.3/23.04.2019 were established the general limits of the variable component for the directors with mandate contract, namely the Director General, the Economic Director and the Deputy Director General according to the report of the Nomination and Remuneration Committee no.10853/19.03.2019, in total annual gross amount of maximum 5% of the annually achieved net profit, but not higher than the value of the fixed gross allowance related to the entire financial year, payable thereof, applicable starting with their nomination by the BoD, as follows:

- **Director General:** maximum 2% of the net profit annually achieved, but no more than the value of the gross fixed allowance associated to the entire financial year payable thereof.
- **Deputy Director General:** maximum 1.5% of the net profit annually achieved, but no more than the value of the gross fixed allowance associated to the entire financial year payable thereof.
- **Economic Director:** maximum 1.5% of the net profit annually achieved, but no more than the value of the gross fixed allowance associated to the entire financial year payable thereof.

By BoD decision no. 11/23.04.2019, Addendum no. 3/2019 on the contract of mandate of directors was approved, concerning the general limits on the variable component of remuneration of directors with mandate contract in conjunction with OGMS Resolution no. 3/23.04.2019 and detailing the methodology for calculating and granting it.

By BoD Decision no.8/20.04. 2021 the Director General was appointed, following the unrolling of the recruitment and selection procedure according to GEO no. 109/2011 and the mandate contract was approved thereof. The provisions of the mandate contract having as object the variable component of the remuneration of the Director General were completed by the addendum approved by BoD Decision no. 11/27.05.2021, together with the management component of the Administration Plan 2018- 2022 of CONPET S.A. and with the financial and non-financial key performance indicators (KPIs) for the period 2021 – 2025 (estimates for the period 2023 – 2025), which were constituted Annex 1 to the mandate contract of the Director General.

Monitoring the compliance with the limits approved by OGMS of the key financial and non-financial performance indicators.

On a quarterly basis, the financial and non-financial key performance indicators, both for administrators and for directors with contract of mandate have been evaluated and monitored. The purpose of this quarterly assessment was to identify in advance any negative deviations from targets and to take measures in order to improve the level of the indicator.

The total and individual degree of fulfillment of the financial and non-financial key performance indicators was presented in the quarterly reports of monitoring the framing of the key performance indicators in the limits approved by the OGMS.

For the administrators of the Company

From the report of the directors with mandate contract on the fulfillment of financial and non-financial KPIs of administrators, presented to the BoD, results that in 2022 the total degree of fulfillment of key performance indicators underlying the granting of the variable component is of **103.4 %**.

In structure, the degree of achievement of KPIs in 2022 reveals the following:

Key Performance Indicators	Degree of fulfillment of financial and non-financial key performance indicators		
	according to the contract of mandate	Achieved year 2022	Variation
A. Financial key performance indicators	25.0%	27.9%	+2.9 p.p.
B. Non - financial key performance indicators	75.0%	75.5%	+0.5 p.p.
B1. Operational	25.0%	25.5%	+0.5 p.p.
B2. of Corporate Governance	50.0%	50.0%	0.00%
Total degree of fulfillment of the performance indicators	100.0%	103.4%	+3.4 p.p.

The total degree of fulfillment of the key performance indicators has been exceeded by 3.4 pp, being favorably influenced by the financial key performance indicators by 2.9 pp and by the non-financial key performance indicators by 0.5 pp.

For Directors with mandate contracts

From the report of monitoring the fulfillment of financial and non-financial KPIs of directors with mandate contract, subject to approval of the BoD, results that, in 2022, the total degree of fulfillment of key performance indicators approved by BoD Decision no.33/18.12. 2018, underlying the granting of the variable component, is of **106.3 %**.

In structure, the degree of fulfillment of the performance indicators reveals the following:

Key Performance Indicators	Degree of achievement of key performance indicators		
	according to the contract of mandate	Achievements period 01.01.2022-31.12.2022	Variation
A. Financial key performance indicators	50.0%	55.5%	+5.5pp
B. Non - financial key performance indicators	50.0%	50.8%	+0.8pp
B1. Operational	30.0%	30.8%	+0.8 p.p.
B2. of Corporate Governance	20.0%	20.0%	0.0 p.p.
Total degree of achievement of key performance indicators:	100.0%	106.3%	+6.3 p.p.

The total degree of fulfillment of the key performance indicators has been exceeded by 6.3 pp, being favorably influenced by the financial key performance indicators by 5.5 pp and by the non-financial key performance indicators by 0.8 pp.

II. 2. 2. Bonuses and other benefits in any form of benefits

The members of the Board of Directors and the directors with mandate contracts do not benefit from bonuses and other benefits.

II. 2. 3. The annual amendment of the remuneration, of the issuer's performance and average remuneration based on the full-time job equivalent of the issuer's employees who have not been in management positions, during the last 5 financial years, presented together in a manner which enables comparison.

For the financial years 2018 - 2022, the average remuneration granted to the BoD members and Directors with mandate contract and the annual gross average earnings/employee, reveals the following:

CONPET S.A. administrators

Year	Annual average gross remuneration (RON)	
	Fixed	Variable *
2018	151,909	56,083
2019	156,264	156,264
2020	156,264	156,264
2021	156,084	139,955
2022	154,713	85,693

* the average annual variable gross remuneration relates to the reference year, but payment is made in the year following the reference year

The Directors with mandate contracts

Year	Annual average gross remuneration (RON)	
	Fixed	Variable *
2018	441,637	57,624
2019	419,311	419,311
2020	437,544	437,544
2021	464,187	430,956

2022	497,549	468,205
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* the average annual variable gross remuneration relates to the reference year, but payment is made in the year following the reference year

Annual gross average earnings per employee

Year	Annual gross average earnings per employee (RON)
2018	78,564
2019	92,112
2020	96,948
2021	102,216
2022	112,140

It should be noted that the amount of fixed allowances granted has changed, both during each year (the situation showing the annual average value) and for each year of the reference period. The changes in the value of the fixed allowance are due to the modification of the reference value for its calculation, respectively the average gross monthly salary for the activity carried out according to the core business registered by CONPET S.A., at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics, as well as to the change in the calculation index of its amount (the amount representing twice, respectively 1.36 times the average gross monthly earnings).

The average remuneration calculated based on the full-time equivalent of the employees of the company for the period 2018 - 2022 is as follows:

Average remuneration based on the full-job equivalent of the Company's employees					
	2022	2021	2020	2019	2018
The evolution of the gross average earnings (total salary related expenses/average number of employees)	9,345 Ron	8,518 Ron	8,079 Ron	7,676 Ron	6,547 Ron
Evolution of the salary increases	12% salary increase from 29.12.2022	7% salary increase from 15.12.2021	5% salary increase from 01.10.2020 set based on the	5% salary increase from 01.01.2019	15% salary increase from 01.01.2018

	set based on the Collective Labor Agreement 2022 - 2023	set based on the Collective Labor Agreement 2021 - 2022	Collective Labor Agreement 2020 - 2021	set based on the Collective Labor Agreement 2019 - 2020 and by 300 Ron gross as of 01.10.2019	set based on the Collective Labor Agreement 2018 - 2019 and 3% increase as of 01.10.2018
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The presentation of the change in remuneration during the last 5 financial years considered the following specific aspects:

- starting 2018 financial year (from 22.08.2018 for the company's administrators and from 07.11.2018 for the Directors with a mandate contract), the BoD members and the directors with a mandate contract have benefited from remuneration consisting of both fixed and variable component remuneration, calculated on the basis of performance indicators provided in the contracts, awarded pro-rata during the term of office of the mandate contract;
- in the provisional periods, the remuneration of the administrators established by the OGMS and of the directors with a mandate contract established by the Board of Directors did not contain a variable component.

The granting of the variable allowance of remuneration of administrators and directors with a mandate contract is subject to the fulfillment of performance indicators and objectives for each financial year. The Board of Directors has the obligation to monitor the compliance of the KPIs within the limits mentioned in the Administration Plan of key performance indicators approved by the OGMS and to prepare and submit to the shareholders an Annual report of monitoring the framing of the KPIs of the administrators within the limits set, within the GMS, of approving the annual audited financial statements.

Performance of the Company					
Indicators	2022	2021	2020	2019	2018
Adujsted EBITDA (thousand RON)	133,253	119,486	115,594	109,391	123,740
Net profit (thousand RON)	61,664	51,929	60,847	58,877	60,676
Labor Productivity (Thousand RON/person)	356	303	291	279	256
Return on Assets (%)	7.6	6.7%	8.0%	7.7%	8.1%

Turnover (thousand RON)	472,233	412,787	406,928	407,822	385,140
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II. 2. 4. Any remuneration received from any entity belonging to the same group

Not applicable.

II. 2. 5. Information on the use of the possibility of recovering variable remuneration

Not applicable.

II. 2. 6. Information on the duration of the contract, the notice period negotiated, the amount of damage - interests for unjust dismissal.

• **Duration of the contract**

The contracts concluded with the members of the BoD and the provisional Economic Director during the reference period had as their object the execution of provisional mandates, with a duration of minimum 4 months and maximum 6 months, as a result of their extension.

All the contracts concluded with the members of the BoD and the Directors ceased on time, there were no reports of compensation, and the company was not obliged to pay damages - interests.

• **Notice deadlines and amount of damages - interests**

The mandate contracts concluded during 2022 with the provisional administrators/provisional Economic Director provide conditions regarding the period of notice and the amount of damages – interests for the unjust revocation, as follows:

For the provisional administrators

- waiver of the administrator to the mandate by reasons not attributable to him/her, by sending a 30 day prior notification to the *Company*;
- immediate revocation of the administrator, by the General Meeting of Shareholders of the Company, due to failure to comply or unjustified performance of the obligations provided by the Contract;
- in case the revocation occurs without reasoned cause, the administrator is entitled to pay liquidated damages, according to the Contract of Mandate, namely a compensation equivalent to a monthly gross fixed allowance for the period non-executed in the mandate contract, irrespective of the date on which the revocation occurs;

- in case of revocation of the Administrator due to reasonable/justified grounds, the *Company* does not owe the Administrator any compensation for the non-executed period of the mandate;
- termination of mandate, due to legal impediments.

The payment of this compensation is performed within 30 working days from the date of adoption of the revoking decision of the General Meeting of Shareholders. This compensation represents the only form of indemnity which the Administrator is entitled to in case of undue revocation from office. In case of delay in performing this payment, the Company owes the Administrator 0.01% penalties from the compensating amount for each day of delay.

In case of revocation due to founded/justified reasons of the Administrator, the Company does not owe him any compensation for the unperformed period of the mandate.

For Directors with 4-years mandate contracts

- waiver of the Director of the mandate, with a 30 working days notice given to the Company, without the completion of other formalities and without the intervention of the competent courts. At its discretion, the Principal may waive all or part of the right of notice, at the beginning or during the period;
- unreasonably revocation of the Contract, based on a Decision of the Board of Directors, sending written notice of 30 (thirty) working days communicated to the Director. In such a case, the Company is obliged to pay the Director a net compensation equivalent to the net fixed remuneration from the last month prior to revocation, multiplied by the number of months remaining from the term of Contract, but no more than 12 months. This net compensation will be paid in maximum 30 days from termination of the contract;
- revocation of the mandate given to the Director, based on a Decision of the Board of Directors, sending written notice of 30 working days to the Director, in case of failure or improper performance by him of the assumed contractual obligations.
- the occurrence of a case of incompatibility or a prohibition provided for in Contract or determined by a situation external thereof.

For Directors with provisional mandate contract

- renunciation of the director to the mandate, for causes non- attributable to him;
- termination of mandate, due to legal impediments.
- immediate revocation of the Director, by the Board of Directors for failure to comply or unjustified performance of the obligations provided by the Contract of mandate;

- in case of revocation without reasoned cause of the mandate granted by this contract to the Director the latter is entitled to payment of liquidated damages equivalent to the overall fixed allowances due for the period non-executed of the Mandate Contract (fixed allowances of which he had benefited from until the maturity date for which this contract has been concluded), that are to be calculated and granted pro-rata in relation to the executed period.

Concurrently, the directors can be revoked without any damage in case it is identified the unfulfillment of the performance objectives and indicators, based on a quarterly analysis, namely an unfulfillment of the global degree thereof, as compared to the contractually established limits.

The contracts of mandate of the administrators and directors in which there is included a variable component of remuneration have as annex the financial and non-financial key performance indicators (KPIs) and include mentions regarding the variable component of the remuneration, here-included the limit related to the failure to achieve the performance objectives and financial and non-financial performance indicators who gives the right to the revocation of the directors' mandate, as well as the means to grant the variable component of the remuneration thereof, according to the degree of fulfillment of the KPIs (the minimum threshold of the granting).

In the contracts of mandate of the Company's directors and administrators there are clauses stipulating that the part who does not execute totally, or in part the contractual obligations shall pay to the other party liquidated - damages whose value shall be established based on specialized expertise.

In the directors' mandate contracts, there was a clause stipulating that if situations arise that can significantly change medium or long-term results and sustainability, or if the payment of the variable component of remuneration endangers the capitalization of the public undertaking, it is entitled not to pay the portion calculated for previous years. In case where all or part of the variable component is granted based on the data which subsequently prove to be inaccurate, the Company is obliged to ask for that portion of the variable component to be returned.

During 2022 there was no revocation of the members of the Board of Directors/Directors with a mandate contract.

II. 2. 7. Number of shares and share options granted and offered

Not applicable.

II. 2. 8. The Considerations justifying any scheme of annual bonuses or monetary advantages

Not applicable.

II. 2. 9. Any additional or anticipated pension schemes

Not applicable.

II. 2. 10. Information on any deviation from the procedure for implementing the Remuneration policy.

During 2022 there were no deviations from the procedure for applying the remuneration policy of CONPET approved by OGMS Resolution no. 1/28.04.2021.

To the extent that the conditions determined by the appointment of provisional administrators/directors with provisional mandate contract allowed the application of the provisions of the CONPET Remuneration policy, the company applied these provisions in conjunction with the relevant legal provisions.

III. Measures

As regards the review of the Remuneration policy and the submission for approval to the OGMS, the following aspects shall be considered:

- update of the rights provided for in the mandate contracts for administrators and directors appointed for provisional terms of office, both in terms of the established remuneration and in terms of the categories of benefits/advantages that may be granted by the company;
- the inclusion of the provisions on the indicators and performance criteria, after having been approved by the GMS/ BoD following the completion of the procedure for recruitment and selection of administrators/directors, having as object the determination of the variable component of remuneration and the way in which this component is granted;
- the inclusion of information on the company's reporting obligations on the remuneration of administrators and directors;
- other information if it needs to be updated/correlated with applicable law.

The Board of Directors of the Company CONPET S.A., by the Nomination and Remuneration Committee, prepared this Annual report - the Remuneration report, which includes the remunerations and other advantages granted to the company's management during the financial year ended 31.12.2022, in compliance with the remuneration policy of the administrators and directors with mandate contract approved pursuant to OGMS Resolution no. 1 dated 28.04.2021.

The remuneration report renders an overview of the remunerations, here included all benefits, regardless of the form, granted or due during the last financial year, to the management members as individuals, inclusive of those newly appointed and of the former managers, in accordance with the remuneration policy.

The remuneration report will be submitted to the consultative voting during the OGMS meeting dated 27.04.2023, will be published on the company's website and will remain disclosed to the public 10 years as of the publishing, in compliance with the applicable legal provisions.

According to the provisions of Art. 55, Para. (2) of GEO no. 109/2011 *on the corporate governance of public enterprises*, subsequent amendments and completions, the Nomination and Remuneration Committee within the BoD submits this report to the General Meeting of Shareholders of CONPET SA..

The Nomination and Remuneration Committee

President: Kohalmi - Szabo Luminița - Doina

Members: Buică Nicușor - Marian

Gavrilă Florin – Daniel

Gheorghe Cristian - Florin

Zaman Andrei - Mihai