

ANNUAL REPORT

OF THE ADMINISTRATORS

of the Company CONPET S.A.

for the financial year ended
31.12.2019



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CHAIRMAN OF THE BOARD OF ADMINISTRATION

Esteemed shareholders,
Esteemed investors,

Conpet is today, 29 years after its establishment, a solid business and a landmark of the Romanian energy sector, performing a traditional activity and of strategic importance to the national power grid, which it brought to the performance and modernity imposed by the standards of today's energy market.

The review of 2019 shows that the company CONPET maintained the status of performant company, with stable financial results, offering its customers services to the highest standards of quality and safety, under the conditions of achieving successful programs and development strategies which the Board of Administration together with the executive management and has proposed and assumed at the beginning of the year.

Furthermore, in order to achieve the set objectives, we relied on the commitment, determination and professionalism of the company's employees, with the help of which we managed to achieve what we set out, to streamline and be more and more ready to respond to challenges and changes occurring on national and international energy market.

The expertise and stability of the professional team of CONPET, coupled with a professional rigor transmitted from the first generation of oil men and an increased motivation for continuous improvement of the activity have always been the pillars that supported the increase of our business success. Also maintaining excellent and lasting relations with our customers and partners has been a priority which motivated us to constantly improve our services and challenge ourselves.

CONPET continued to hold, last year also, the position as a major player on the local capital market. Included in 7 stock indexes (of a total of 9), indicating the economic and financial stability, transparency, visibility and maintaining the increased interest of investors, CONPET had a market capitalization in 2019 of 689.14 million RON (79.60 RON/share), up from 2018. However, in 2019 we managed to achieve an increase in the turnover by 5.9% compared to 2018 as well as a fulfillment of the annual investment program of 93%, up to 10.5 mRON compared to 2018.

CONPET is a company well known for its solid position in economic terms. CONPET is also a company deeply interested in the needs of its employees, investing in staff development and promoting the recognition of professional value, as well as community involvement through an active social responsibility policy and action to protect the environment.

Looking ahead, we will continue to value everything we have achieved and maintained so far: tradition, expertise, stability, performance and ambition to offer high quality services. In addition, I believe that we will identify and materialize each project opportunity or new development direction, both at national and regional levels to strengthen the status of safe company and reliable strategic player.

Sincerely yours,
CRISTIAN - FLORIN GHEORGHE
CHAIRMAN OF THE BOARD OF ADMINISTRATION

1. COMPANY PRESENTATION

1.1 Report grounds

The Annual Report of the Board of Administration of CONPET SA for the year ended December 31st, 2019, was prepared in accordance with:

- Annex 1 Accounting regulations Chapter 3 of the Minister of Public Finance Order no. 2844/2016 for the approval of accounting regulations compliant with International Financial Reporting Standards;
- Articles 63 of Law no. 24/2017 regarding the issuers of financial instruments and market operations;
- Annex no.15 on the requirements of the Annual Report, from Regulation no. 5/2018 regarding the issuers of financial instruments and market operations issued by the National Securities Commission;
- Art. 56 of EGO no.109/2011 *on corporate governance of the public enterprises* subsequent amendments and completions, foreseeing;
- Chapter VI Art. 7., item 7.18 regarding Administrator's Obligations from the Administration Contracts concluded between administrators and CONPET S.A.;
- Art.20 Para (1) letter (e) of CONPET S.A. Articles of Incorporation:

1.2 SUBSTANTIATION DATA

| | |
|--|--|
| Date of the report | March 24, 2020 |
| Issuer's Name | CONPET S.A. |
| Registered Offices | No. 1-3 Anul 1848 Street, Ploiesti Prahova County, Zip Code 100559, |
| Telephone/facsimile number | 0244 401360/0244 516451 |
| E-mail/Internet | conpet@conpet.ro / www.conpet.ro |
| Tax Identification Number at the Trade Register Office | 1350020 |
| Trade Registry Number | J29/6/22.01.1991 |
| The regulated market trading the issued securities | Bucharest Stock Exchange, Premium category |
| Subscribed and paid-up share capital | 28,569,842.40 RON |
| Main features of the issued securities | 8,657,528 shares with a nominal value of 3.3 RON/share. Dematerialized, nominative, ordinary, indivisible, freely tradable shares as of 05.09.2013, under COTE symbol ISIN:ROCOTEACNOR7 |
| Total market value | 689,139,228.8 RON (79.60 RON/share at 30.12.2019) |
| Applied accounting standard | The International Financial Reporting Standards |
| Auditing | The Financial Statements concluded at December, 31st, 2019 have been audited |

1.3 Main activities

CONPET is a strategic company, part of the architecture of the national energy system, being the operator of the crude oil National Transport System via pipelines.

Since 2002, CONPET is the concessionaire of the operation of the crude oil, rich gas, condensate and ethane National Transport System, based on the oil Concession Agreement concluded with the National Agency for Mineral Resources, approved pursuant to. 793/25.07.2002.

The Crude Oil, Rich Gas, Condensate and Ethane National Transport System (NTS) is being defined and regulated by Law no. 238/7.06.2004 - Petroleum Law and the Methodological Norms for the enforcement of the Petroleum Law approved under. 2075/2004 and is part of the state's public property, being of strategic importance.

CONPET is a publicly owned company, listed at the Bucharest Stock Exchange, under COTE symbol.

1.4 The company's mission, vision and values

CONPET mission is the operation of the National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis as well as accessing the related markets corresponding to the segments of the value chain of the oil industry.

CONPET vision targets the maintenance of its position of strategic player in the Romanian oil industry, acting as crude oil, ethane and rich gas carrier via pipelines and by rail.

The company's Values are: professionalism, effectiveness and performance, social awareness and respect for the environment, ongoing training, adaptability and qualitative growth.

1.5 Shareholding

The synthetic structure in the shareholding, at reference date 31.12.2019, is as follows:

- 58.7162% - the Romanian State by the Ministry of Energy;
- 41.2838% - Free float

| Shareholder's Name | Number of shares | Percentage% |
|--|------------------|------------------|
| The Romanian State by the Ministry of Energy*) | 5,083,372 | 58.7162% |
| Legal persons | 2,361,896 | 27.2814% |
| Natural Persons | 1,212,260 | 14.0024% |
| Total | 8,657,528 | 100.0000% |

Table 1 - CONPET S.A. Shareholding Structure at December 31st, 2019

*) Following the implementation of EGO no. 68/6.11.2019, on 11.02.2020 it was carried out the transfer of shares from the account of the Romanian State through the Ministry of Energy on behalf of the Romanian State through the Ministry of Economy, Energy and Business Environment.

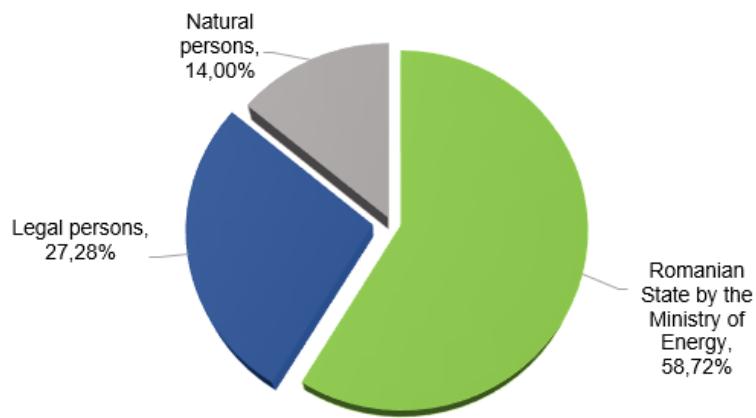


Chart 1 - CONPET S.A. Shareholding Structure at December 31, 2019

The number of CONPET Shareholders registered at Depozitarul Central S.A. at the end of 2019 is of 12,887, increasing by 1.1% as compared to the end of 2018 (12,749 shareholders).

The share capital of CONPET at 31.12.2019 is of 28,569,842.40 RON and is divided into 8,657,528 nominative shares, each share with a nominal value of 3.3 RON/share.

CONPET did not perform transactions having as scope its own shares; consequently, at the end of 2019, the company did not hold own shares.

1.6 Company Organization

CONPET was established in 1990, based on the Government Decree no. 1213/1990 regarding the set-up of joint-stock companies in the industry, by taking-over the entire assets and liabilities of I.T.T.C. Ploiești, being the first company established in the oil industry in Romania.

Following the take-over of all assets and liabilities of I.T.T.C. Ploiești, The crude oil, rich gas, condensate and ethane National Transport System (NTS) is State's public property and bears strategic importance. The NTS is being defined and regulated pursuant to the Oil Law no. 238/07.06.2004 and the Methodological Norms for the Application of the Oil Law, approved pursuant to GD no. 2075/2004.

CONPET supplies transport services for its clients both via the National Transport System, leased based on the Oil Concession Agreement related to the operation of the crude oil, gasoline, condensate and ethane Pipeline National Transport System, and by rail, from the loading ramps to the refineries, for the oil areas not connected to the transport major pipelines.

1.7 Development Strategic Objectives

The strategic objectives for the period 2018 -2022, established and assumed by the administrative management by the administration component were defined in strong correlation with the strategic directions, the vision and expectations of the tutelary authorities, namely the one of the shareholders and the contextual lines of the Energy Strategy of Romania along 2018-2030, envisaging the years 2050 and are the followings:

- increasing efficiency and improvement of the activity performance;

- development of new activities, related and non related to the core business;;
- defining the Company as a regional player;
- outstanding management of the human resources;
- implementation and development of the corporate government principles.

2. RELEVANT CORPORATE EVENTS IN 2019, TO DATE

March 26, 2019

The General Meeting of Shareholders has approved the transaction with SNTFM CFR Marfă S.A. for the conclusion of a contract having as scope transport services by rail of crude oil and rich gas from the loading ramps to the destinations set by CONPET SA.

March 26, 2019

The Extraordinary General Meeting of Shareholders approved the initiation of the procedure for the augmentation of the share capital of CONPET SA by the value of the land plots held based on 48 land ownership certificates;

April 9, 2019

The General Meeting of Shareholders approved the Revenues and Expenditure Budget and the Investment Program related to 2019;

April 23, 2019

The Ordinary General Meeting of Shareholders approved the annual financial statements for the financial year 2018 and the net profit distribution related to the financial year 2018.

July 4, 2019

Took place the Extraordinary General Meeting of Shareholders with the agenda: Approval of the augmentation of the share capital by maximum value of 101,763,954.60 RON representing contribution in kind (the lands) amounting to 59,751,935.10 RON and cash amounting to 42,012,019.50 RON, from the actual value of 28,569,842.40 RON to the value of maximum 130,333,797 RON by issuance of a maximum number of 30,837,562 new shares, registered, dematerialized, at a price of 3.3 RON/share, equal with the nominal values, without share premium, of which:

(i) 18,106,647 new shares in amount of 59,751,935.10 RON representing the contribution in kind of the Romanian State by representative the Ministry of Energy with lands covering 554,537.61 sq. m in total subject to 48 land ownership certificates for which CONPET has obtained, during 2001-2005 land ownership certificates..

(ii) 12,730,915 new shares in amount of 42,012,019.50 RON that will be offered within the exercise of the preemption right, for subscription, in exchange of the contribution in kind of the Romanian State (by representative the Ministry of Energy) to the other CONPET shareholders, namely to the persons entitled as shareholder at the registration date, in view of maintaining the shareholding held within CONPET at the registration date.

The EGMS has not met the presence quorum needed provided by the law for the augmentation of the share capital by contribution in kind.

July 5, 2019

As in first call the presence quorum has not been met for holding the Extraordinary General Meeting of Shareholders on July 4th, 2019, the meeting took place in second call, namely on July 5th, 2019, with the same agenda.

The Extraordinary General Meeting of Shareholders has ascertained that in second call has not been met either the presence quorum provided by law necessary to decide the augmentation of the share capital by contribution in kind held based on the land ownership certificates.

September 30, 2019

The General Meeting of Shareholders approved:

- The Revenues and Expenditure Budget and the Investments Program related to 2019;
- Nomination of the company BDO Audit SRL Bucharest, as financial auditor of the company for a period of 3 years starting the date of appointment by the OGMS, namely for the years 2019, 2020 and 2021;
- The appointment of Mr. Buică Nicușor - Marian in the Board of Administration of the Company CONPET S.A., the mandate duration being from the date of OGMS Resolution and up to the date of completion of mandate of this Board of Administration (21.08.2022 inclusive of).

March 5, 2020

The Ordinary General Meeting of Shareholders approved the Revenues and Expenditure Budget and the Investment Program related to 2020;

3. CONPET 2019– EXECUTIVE SUMMARY

3.1 Operating Activity Indicators

The evolution of the product volumes - crude oil, condensate and rich gas, transported via the National Transport System (NTS), during 2017-2019 , and 2019 vs. 2018, respectively 2018 vs. 2017, by transport subsystems, is presented below:

| Indicators | M.U. | 2019 | 2018 | 2017 | Variation% | |
|--|----------------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | 2019/2018 | 2018/2017 |
| Quantities transported on the domestic subsystem | Thousand tons | 3,487 | 3,493 | 3,551 | ▼ 0.2% | ▼ 1.6% |
| Quantities transported on the import subsystem | Thousand tons | 3,637 | 3,362 | 3,269 | ▲ 8.2% | ▲ 2.8% |
| TOTAL TRANSPORTED QUANTITIES | Thousand tons | 7,124 | 6,855 | 6,820 | ▲ 3.9% | ▲ 0.5% |
| Revenues on the domestic transport subsystem | mRON | 295.63 | 290.16 | 284.89 | ▲ 1.9% | ▲ 1.9% |
| Revenues on the import transport subsystem | mRON | 106.39 | 90.42 | 87.47 | ▲ 17.7% | ▲ 3.4% |
| Total transport revenues | mRON | 402.02 | 380.58 | 372.36 | ▲ 5.6% | ▲ 2.2% |

Table 2 - Evolution of the transported quantities and transport related revenues during 2017 -2019

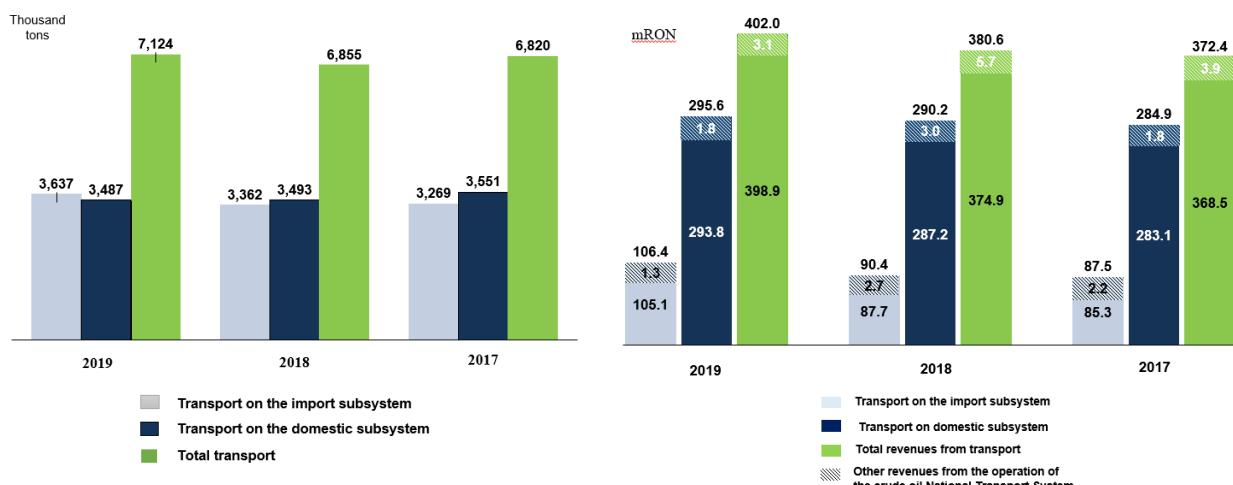


Chart 2 - Evolution of the transported quantities on the domestic and import subsystem 2017-2019 (thousand tons)

Chart 3 - Evolution of the transport revenues by subsystems 2017-2019 (mRON)

3.2. Financial Results Key Indicators

The economic and financial activity of CONPET SA in 2019 was performed based on the indicators included in the revenues and expenditure budget approved by the General Meeting of Shareholders.

The evolution of the main indicators of the financial results between 2017-2019 and the comparative overview of the registered values in 2019 as compared to 2018, namely 2018 as compared to 2017, is as follows:

| Indicators (mRON) | 2019 | 2018 | 2017 | Variation% | |
|--|---------------|---------------|---------------|---------------|----------------|
| | | | | 2019/2018 | 2018/2017 |
| TURNOVER | 407.82 | 385.14 | 376.69 | ▲ 5.9% | ▲ 2.2% |
| Operating revenues, of which: | 443.00 | 418.71 | 411.18 | ▲ 5.8% | ▲ 1.8% |
| Transport revenues | 402.02 | 380.58 | 372.36 | ▲ 5.6% | ▲ 2.2% |
| Operating Expenses | 380.85 | 352.47 | 328.09 | ▲ 8.1% | ▲ 7.4% |
| EBIT (operating profit) | 62.15 | 66.24 | 83.09 | ▼ 6.2% | ▼ 20.3% |
| Value adjustments on tangible, intangible assets | 48.26 | 44.50 | 44.47 | ▲ 8.5% | ▲ 0.1% |
| EBITDA | 110.41 | 110.74 | 127.56 | ▼ 0.3% | ▼ 13.2% |
| Financial Result | 7.55 | 5.45 | 3.57 | ▲ 38.5% | ▲ 52.7% |
| EBT (gross profit) | 69.70 | 71.69 | 86.66 | ▼ 2.8% | ▼ 17.3% |
| NET PROFIT | 58.88 | 60.68 | 74.39 | ▼ 3.0% | ▼ 18.4% |

Table 3. – Evolution of the results from the operating and financial activity 2017-2019 (mRON)

The financial results of the company in 2019 YoY 2018 is as follows:

- The turnover achieved in 2019 amounting to 407.82 mRON is increasing by 5.9% as compared to 2018;
- EBITDA recorded a decrease by 0.3%, from 110.74 mRON in 2018 to 110.41 mRON in 2019;
- The Operating Profit (EBIT) decreased by 6.2%, from 66.24 million RON in 2018 to 62.15 million RON in 2019.

CONPET is a company paying substantial contributions to the consolidated State budget. The total amounts paid to the State budget in 2019, VAT included, were in amount of 156 million RON, out of which, the most important are represented by:

- VAT 47 mRON;
- Tax on salaries and related contributions 61 mRON;
- Income tax 14 mRON;
- Oil royalty 31 mRON.

3.3 Investment Activity Indicators

The investment program related to 2019 included works to rehabilitation of major transport pipelines and investment works for installations and related equipment to the Crude Oil National Transport System.

The investment projects targets both enhancing efficiency of the transport activity as well as operation, under safe conditions, of the National Transport System.

The annual investment program was carried out in proportion of 93% and was 10.5 million RON higher than in 2018.

The comparative evolution of the achieved level of investment as compared to the programmed level for 2019, 2018 and 2017 and belonging assets, is as follows:

| Investment (mRON) | 2019 | | | 2018 | | | 2017 | | |
|---|--------------|--------------|-------------------------|--------------|--------------|-------------------------|--------------|--------------|-------------------------|
| | Program | Achieved | Degree of achievement % | Program | Achieved | Degree of achievement % | Program | Achieved | Degree of achievement % |
| Total investments, out of which: | 86.00 | 80.14 | 93.2% | 76.63 | 69.65 | 90.9% | 64.27 | 49.20 | 76.6% |
| Public domain | 71.38 | 66.67 | 93.4% | 68.03 | 63.39 | 93.2% | 51.65 | 38.94 | 75.4% |
| Operating domain | 14.62 | 13.47 | 92.1% | 8.60 | 6.26 | 72.8% | 12.62 | 10.26 | 81.3% |

Table 4 – Evolution of investments achieved as compared to program 2017-2019

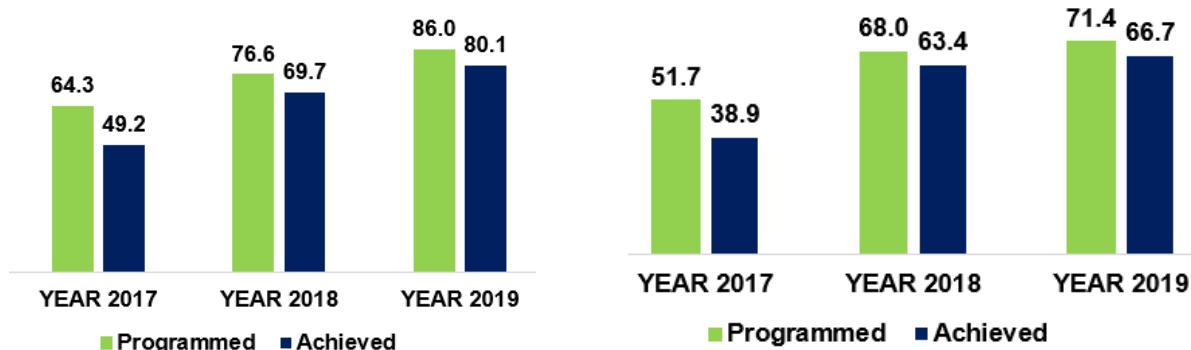


Chart 4 - Evolution of total investments achieved as compared to program 2017-2019 (mRON)

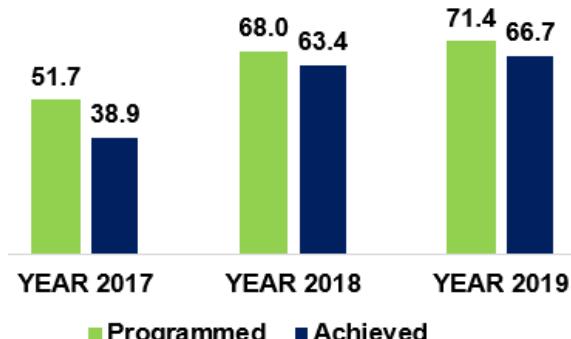


Chart 5 - Evolution of investments in the public domain as compared to program 2017-2019 (mRON)



Chart 6 - Evolution of investments in the operating area achieved as compared to program 2017-2019 (mRON)

During 2017-2019, have been replaced 86.68 km of pipeline:

| Indicator (km) | 2019 | 2018 | 2017 | Total |
|-------------------|-------|-------|-------|-------|
| Replaced pipeline | 16.00 | 32.46 | 38.22 | 86.68 |

Table 5 - No. of km of replaced pipeline during 2017-2019

3.4 Company's Stock Market Indicators

The market capitalization amounted to 689.14 million RON (79.60 RON/share) at 30.12.2019 and respectively 672.69 million RON (77.70 RON/share) at 31.12.2018.

The evolution of COTE share and market capitalization during 2015 - 2019 is as follows:

| Indicators | MU | 31.12.2015 | 31.12.2016 | 31.12.2017 | 31.12.2018 | 30.12.2019 |
|-----------------------|--------------|------------|------------|------------|------------|------------|
| COTE closing price | RON/share | 77.00 | 78.80 | 99.40 | 77.70 | 79.60 |
| Market capitalization | mRON | 666.63 | 682.21 | 860.56 | 672.69 | 689.14 |
| | Million Euro | 147.21 | 150.23 | 184.68 | 144.23 | 144.47 |

Table 6 - Evolution of COTE share and stock capitalization during 2015-2019

Currently, the company CONPET S.A. is included in 7 out of the total of 9 stock indices, respectively in BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG and BET Plus.

The net profit per share related to 2019 amounts to 6.80 RON/share, registering a 3% decrease versus 7.01 RON/share recorded in 2018.

4. ANALYSIS OF THE COMPANY'S BUSINESS

4.1 Analysis of the operating activity

4.1.1 The regulatory Framework

CONPET S.A. is the operator of the Crude Oil, Rich Gas, Condensate and Ethane Pipeline Transport System (NTS) as defined and regulated by Law no. 238/07.06.2004 - Oil Law and the Methodological

Norms for the enforcement of the Oil Law approved under GD no. 2075/2004. The transport service is being supplied under the natural monopoly regime based on the tariff set by NAMR.

4.1.2 The crude oil, condensate, rich gas and ethane transport activity

CONPET S.A. supplies transport services for its clients both via the National Transport System concessioned according to the Oil Concession Agreement of the National Transport System of crude oil, gasoline, condensate and ethane, as well as via railway tanks, from the loading ramps to the refineries, for the oil areas not connected to the transport major pipelines.

Given the natural distribution of the oil fields spread over the entire Romanian territory, the National Transport System was built as to meet the transport needs from all those fields to the refineries. The system operation is being made based on the local dispatch centers, coordinated from the Company's Central Dispatch.

The pipelines transport system is approximately 3,800 km in length, out of which, to date, 3,161 km of pipelines are being used for the transport of crude oil, rich gas, condensate.

The Crude Oil, Rich Gas, Condensate and Ethane Transport System via pipelines has in composition transport subsystems, grouped according to the transported products, as follows:

- ✓ The domestic crude and condensate transport subsystem, having in composition pipelines covering approx. 1,540 km, for the transport of crude oil and condensate from the production units of OMV Petrom operating areas throughout the country, to the refineries. The domestic crude oil and condensate production is transported via pipelines, by railway tanks, or combined (rail and pipelines).
- ✓ The rich gas transport subsystem is meant for the rich gas transport from the rich gas separation units in Ardeal (Biled and Pecica) to Petrobrazi refinery.
- ✓ The ethane transport subsystem provides the ethane transport from Turburea ethane separation platform to Arpechim Pitesti refinery. Currently, due to the lack of operability of Arpechim refinery, the subsystem is not used and only one portion of the pipeline is used for the transport of condensate from Totea warehouse to Petrobrazi refinery.
- ✓ The subsystem for the import crude transport provides the transport of crude oil from Oil Terminal Constanta to the refineries in Ploiești, Arpechim-- Pitești and Midia.

The crude oil, rich gas, condensate and ethane transport service provides the fulfillment of the tasks incumbent on CONPET from its own program, consequently, easing free access to the system's available throughput, to all petitioners, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

The available throughput represents the difference between the total physical throughput of the system and the crude oil scheduled for transport in the given year.

The transport contracts signed with the beneficiaries of the services are compliant with the regulated frame-contract approved by NAMR and provides the legal framework for the supply of the transport services.

The crude oil transport throughput is being performed from the sites of delivery by the producers/importers, from the extraction areas, or from Oil Terminal, to the processing plants (refineries) by the use of certain facilities both in the pumping sites, as well as all in the receipt sites.

These facilities are the crude oil and condensate storage tanks from the warehouses, storage tanks for the storage of rich gas, technological pipes from the pumping/receipt warehouses, pumping aggregates (booster pumps, main pumps, actuators), major pipelines, crude oil and rich gas loading and unloading ramps, tank cars.

The transported volume by products - crude oil, rich gas and condensate, programmed and achieved in 2019 and the extent of usage of the transport capacity, is as follows:

| Transport Subsystems | Indicators and products | 2019 | 2018 | 2017 | Variation (%) 2019/2018 |
|--|-------------------------|--------------|--------------|------|----------------------------|
| Domestic crude oil, condensate and light condensate | | | | | |
| - programmed quantities (thousand tons) | 3,410 | 3,443 | 3,503 | | ▼1.0% |
| - achieved quantities (thousand tons) | 3,468 | 3,473 | 3,531 | | ▼0.1% |
| - degree of achievement | 101.7% | 100.9% | 100.8% | | +0.8 p.p. |
| - degree of use of the transport throughput | 56.6% | 56.7% | 57.7% | | -0.1 p.p. |
| rich gas | | | | | |
| - programmed quantities (thousand tons) | 20 | 21 | 16 | | ▼4.8% |
| - achieved quantities (thousand tons) | 19 | 20 | 19 | | ▼5.0% |
| - degree of achievement | 95.0% | 95.2% | 119.0% | | -0.2 p.p. |
| - degree of use of the transport throughput | 16.6% | 17.4% | 9.8% | | -0.8 p.p. |
| Total domestic subsystem | | | | | |
| - programmed quantities (thousand tons) | 3,430 | 3,464 | 3,519 | | ▼1.0% |
| - achieved quantities (thousand tons) | 3,487 | 3,493 | 3,551 | | ▼0.2% |
| - degree of achievement | 101.7% | 100.8% | 100.9% | | +0.9 p.p. |
| - degree of use of the transport throughput | 56.0% | 56.0% | 56.2% | | - |
| crude oil | | | | | |
| - programmed quantities (thousand tons) | 3,064 | 3,210 | 2,945 | | ▼4.6% |
| - achieved quantities (thousand tons) | 3,637 | 3,362 | 3,269 | | ▲8.2% |
| - degree of achievement | 118.7% | 104.7% | 111.0% | | +14.0 p.p. |
| - degree of use of the transport throughput | 30.8% | 28.5% | 27.7% | | +2.3 p.p. |
| TOTAL | | | | | |
| - programmed quantities (thousand tons) | 6,494 | 6,674 | 6,464 | | ▼2.7% |
| - achieved quantities (thousand tons) | 7,124 | 6,855 | 6,820 | | ▲3.9% |
| - degree of achievement | 109.7% | 102.7% | 105.5% | | +7.0 p.p. |
| - degree of use of the transport throughput | 39.5% | 38.0% | 37.6% | | +1.5 p.p. |

Table 7 - Transported quantities by types of products 2017-2019

The degree of use of the transport system in 2019 was of 39.5%, increasing as compared to 2018 (38%), as effect of the transported volume increase, by 3.9%.

From the total of 3,487 thousand tons of crude oil, gasoline and condensate obtained from domestic production, which have been transported and delivered to the refinery in 2019, the amount of 1.155 thousand tons was transported by rail (33.1%).

The evolution of the technological consumption on standardized products as compared to the levels recorded in 2017 and 2018, is as follows:

| Products | 2019 | | | 2018 | | | 2017 | | |
|---|--------------|----------|-----------|--------------|----------|------------|--------------|----------|------------|
| | Standardized | Achieved | Variation | Standardized | Achieved | Variation | Standardized | Achieved | Variation |
| Import crude oil: | 0.253% | 0.118% | -0.14p.p. | 0.256% | 0.120% | -0.14 p.p. | 0.248% | 0.112% | -0.14 p.p. |
| Domestic crude oil, condensate and light condensate | 0.367% | 0.317% | -0.05p.p. | 0.371% | 0.327% | -0.04 p.p. | 0.372% | 0.284% | -0.09 p.p. |
| Rich gas | 7.383% | 3.491% | -3.89p.p. | 7.383% | 3.455% | -3.93 p.p. | 7.383% | 3.451% | -3.9p.p. |

Table 8-The evolution of technological standardized consumption as compared to achieved 2017-2019

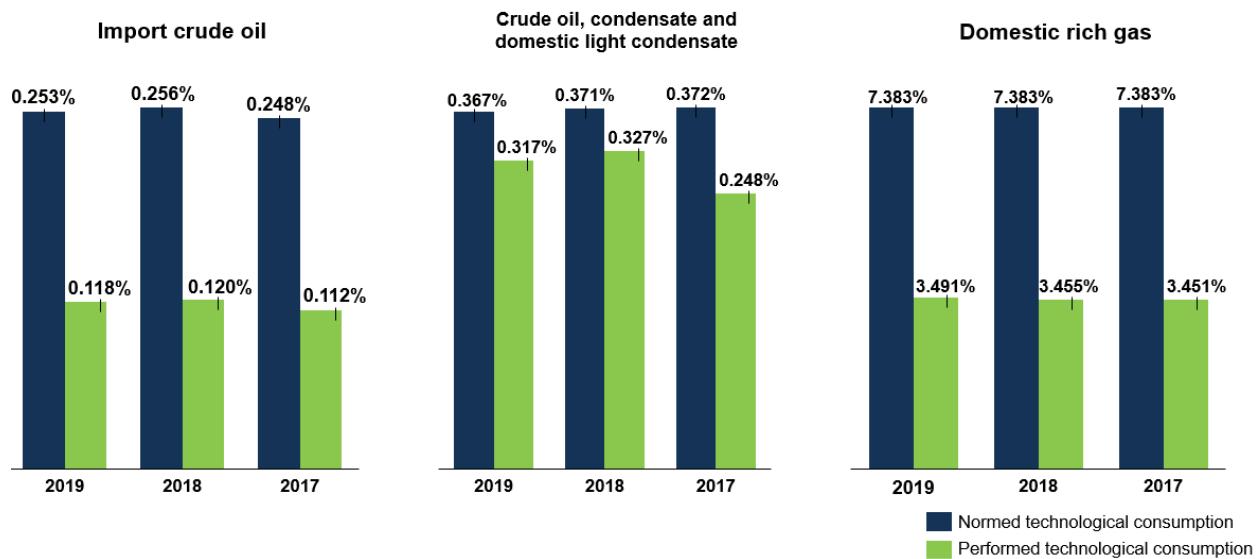


Chart 7 - Evolution of technological consumption on products 2017-2019

The technological consumptions recorded during transport were admitted within the limits, provided in the transport contracts.

The tariffs for the supply of crude oil, rich gas, condensate and ethane are regulated by the NAMR and are distinguished per transport subsystems.

The tariffs applied for the import transport subsystem vary according to the installment of transported quantity, being practiced the bracketing tariff model and the refinery- the hand-over site. In 2018 and 2019, the following tariffs were applied:

- Tariffs from transport services on domestic subsystem

| Period | Transport tariff (RON/ton) | Approved by NAMR Order no. |
|---------------------------------------|-------------------------------|-------------------------------|
| January 01st, 2018 - June 18th, 2018 | 79.75 | 32/2016 |
| June 19th, 2018 – December 30th, 2019 | 84.37 | 117/2018 |
| Starting December 31st, 2019 | 87.53 | 427/2019 |

Tabel 9 - Transport tariffs domestic subsystem

- Tariffs for transport services on import subsystem

| Period | Installments | Ploiesti Basin (Petrobrazi and Petrotel Lukoil refineries) | | | Approved by NAMR Order no. |
|--|--------------|---|---------|---------|----------------------------------|
| | | Arpechim Refinery | RON/ton | RON/ton | |
| January 1st, 2018 - June 18th, 2018 | < 100 | 38.85 | 38.00 | 8.00 | 32/2016 |
| | >100 | 16.60 | 16.00 | 7.33 | |
| June 19, 2018 30.12.2019 | < 120 | 38.85 | 38.00 | 27.00* | 117/2018 |
| | >120 | 16.60 | 16.00 | 24.74* | |
| Starting with December 31, 2019 | < 120 | 40.40 | 39.50 | 15.00 | 427/2019 |
| | >120 | 17.25 | 17.00 | 12.85 | |

*) Starting 14.03.2019 up to 30.12.2019, for the transport relation with Petromidia refinery it was applied a tariff of 14.00 RON/ton for installment up to 120 thousand tons and 12.00 RON/ton for installment bigger than 120 thousand tons (approved by NAMR Order no.172/2019).

Tabel 10 - Transport tariffs import subsystem

The transport tariffs include a modernization quota meant exclusively for the financing of the investments related to the National Transport System.

The company holds a monopoly position on the market of crude oil transport via pipelines, having no competitors in its core business. The transport services are being contracted with the clients, based on a frame contract approved by the National Agency for Mineral Resources.

Contracted and completed transport services in 2019, on Clients, are as follows:

| Customer name | Contract Date and No. | Object of the contract | Duration months | Contracted quantity (tons) | Quantity Achieved (tons) |
|-------------------------|---------------------------------------|--|-----------------|----------------------------|--------------------------|
| OMV PETROM S.A. | BC 27/29.01.2018 and BC 32/26.02.2019 | Crude oil, condensate and rich gas domestic transport and import crude oil | 12 | 3,922,373 | 4,455,859 |
| ROMPETROL RAFINARE S.A. | BC 689/13.12.2018 | Import crude oil transport | 12 | 120,000 | 160,430 |

| | | | | | |
|--------------------------|--------------------------------------|--|----|-----------|--|
| Petrotel-Lukoil S.A | BC 681/11.12.2018 and 717/31.12.2018 | Import crude oil transport | 12 | 2,492,555 | 2,503,285 |
| NIS PETROL S.R.L. | BC NIS PETROL CF 106/15.05.2019 | Unloading road tanks, loading, storage tanks and loading in rail tanks | 7 | 3,600 | 5,891 |
| STANDARD LOGISTIC d.o.o. | BCF 230/19.07.2019 | Railway transport services for crude oil, on the route Biled -Stamora Moravița, beneficiary NIS a.d. | 5 | 3,600 | 5,163 net crude oil/ 5,171 gross crude oil |

Table 11- Contracted transport services and carried out in 2019

The revenues achieved in 2019 from transport contracts concluded with customers, amounting to 402 million RON, are as follows:

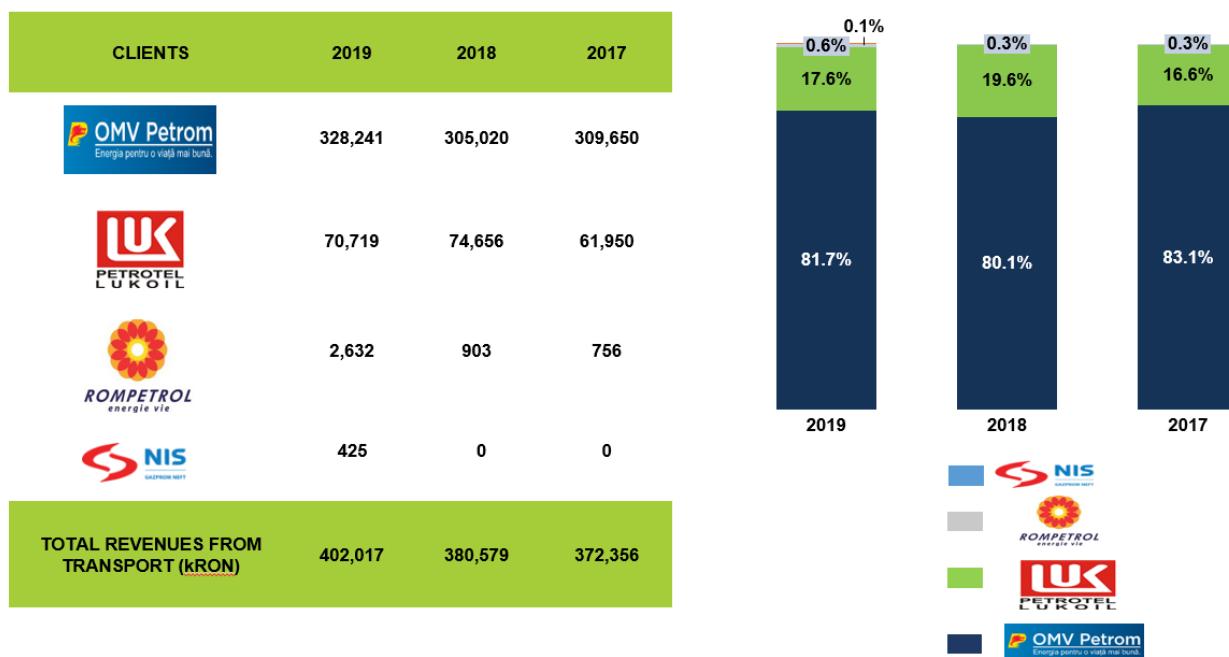


Chart 8 - Share of transport revenues per refineries in total transport revenues

The transport services supplied by CONPET SA are addressed to a reduced number of clients; consequently, the volume thereof is closely related to the trade policy applied by the beneficiaries of the supplied services.

OMV Petrom is the client with the highest share in the transport revenues of the company (81.7%).

4.1.3 Other activities

The revenues achieved from other activities, with a contribution of 1.4% to the company's turnover, are represented by leases of lands and telecommunication equipments, rail shunting, sale of pipe material etc.

4.1.4 Analysis of the operating activity

In the table below is presented the evolution of the transport services supply and other services, for the period 2017-2019:

| Indicators | M.U. | 2019 | 2018 | 2017 | Variation (%) 2019/2018 | Variation (%) 2018/2017 |
|---|---------------------|----------------|----------------|----------------|----------------------------|----------------------------|
| Revenues from transport services domestic subsystem | Thousand tons | 3,487 | 3,493 | 3,551 | ▼ 0.2% | ▼ 1.6% |
| | Thousand RON | 295,632 | 290,159 | 284,890 | ▲ 1.9% | ▲ 1.9% |
| Revenues from transport services import subsystem | Thousand tons | 3,637 | 3,362 | 3,269 | ▲ 8.2% | ▲ 2.8% |
| | Thousand RON | 106,385 | 90,420 | 87,466 | ▲ 17.7% | ▲ 3.4% |
| Total revenues from transport services | Thousand tons | 7,124 | 6,855 | 6,820 | ▲ 3.9% | ▲ 0.5% |
| | Thousand RON | 402,017 | 380,579 | 372,356 | ▲ 5.6% | ▲ 2.2% |
| Revenues from rents | Thousand RON | 1,593 | 1,483 | 1,399 | ▲ 7.4% | ▲ 6.0% |
| Other revenues | Thousand RON | 4,212 | 3,078 | 2,930 | ▲ 36.8% | ▲ 5.1% |
| Turnover | Thousand RON | 407,822 | 385,140 | 376,685 | ▲ 5.9% | ▲ 2.2% |

Table 12 - Evolution of turnover revenues during 2017-2019

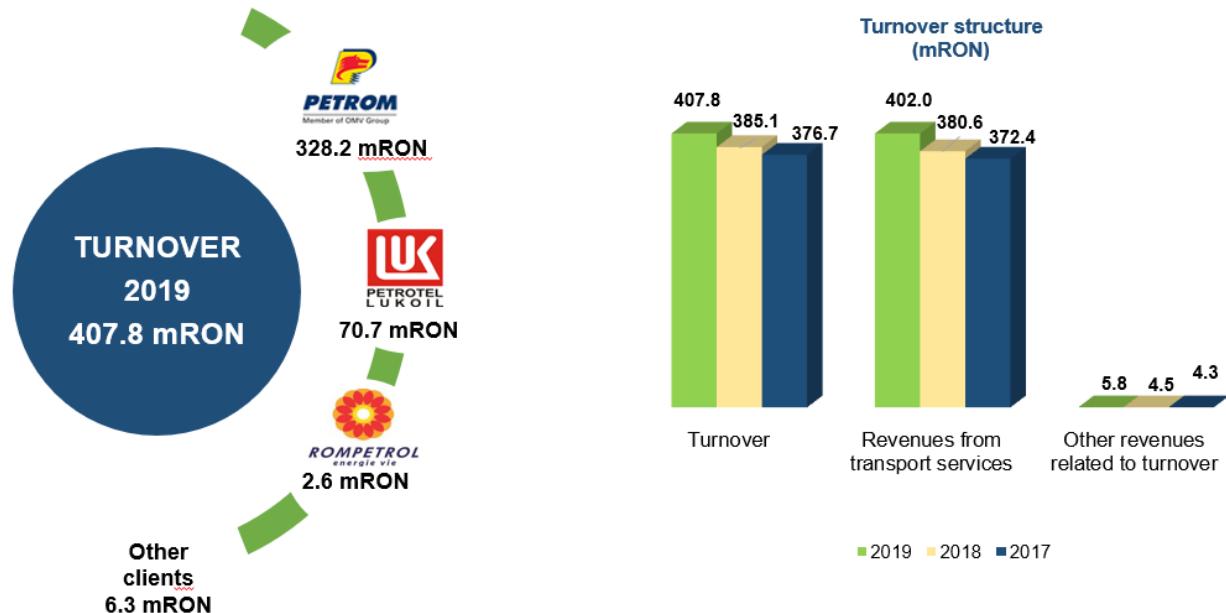


Chart 9– Evolution of turnover during 2017-2019

In 2019 the turnover recorded an increase by 5.9% as compared to the level achieved in 2018.

The transport revenues hold a share of 98.6% in turnover, the difference of 1.4% representing revenues from various activities such as: leases of lands and telecommunication equipments, rail shunting, sale pipe material.

4.1.5 Analysis of the supply activity

The procurement activity

The procurement activity performed in compliance with the provisions of the Internal Procurement Norms of CONPET S.A.. and other internal procedurals.

Along January-December 2019 have been initiated procedures to achieve a total of 182 procurements required by the entities within the company and have been completed 123 procurement procedures by conclusion of contracts in total amount of 395 mRON.

At the end of December 2019 a number of 8 acquisitions were in progress, in the total estimated value of 14.65 mRON, respectively:

- 1 tendering procedure in total estimated amount of 1.5 mRON;
- 6 simplified procedures in total estimated amount of 13.1 mRON;
- 1 direct acquisition in total estimated amount of 0.05 thousand RON.

The tracking and recording of the procurement contracts and contract conclusion for realization of revenues

The ongoing contracts and contracts whose execution has been completed, but with unexpired warranty on 31.12.2019, is as follows:

- 134 works contracts (o/w 37 in progress, the rest being completed in terms of execution, but still covered by the guarantee period);
- 187 services contracts (out of which 145 in progress, the rest being completed in terms of execution, but still covered by the guarantee period);
- 64 product supply contracts (including 33 in progress, the rest being completed as execution, but still covered by the guarantee period);
- 107 revenues contracts;
- 83 utility contracts.

4.1.6. Legal acts concluded in the conditions of Art.52 Para (1) and (3) of EGO no.109/2011

Following the approval by the company's shareholders of the transaction with SNTFM CFR Marfă S.A. (OGMS meeting dated 26.03.2019) , the company CONPET concluded with SNTFM CFR Marfă S.A. the contract S-CA no.57/28.03.2019, having as scope rail transport services of crude and rich gas from the loading ramps to the destinations set out by CONPET S.A.

The contract concluded with SNTFM CFR Marfă S.A. has a total value of 242,420,640 RON and 4 years duration, starting 01.04.2019 up to 31.03.2023.

The performance guarantee is in quantum of 500,000 RON and the payment term is of 30 days from the invoice receipt. In the contract was provided also the delay penalties calculation in quantum of 0.03%/day. In what concerns the delay penalties, in the contract are being provided the followings:

- Should CONPET S.A. not honor the invoices within the payment deadline provided in the contract, it has the obligation to pay penalties in quantum of 0.03%/day, calculated at the outstanding amount, starting the first day of the maturity date.
- If the provider SNTFM CFR Marfa SA does not provide the rail tanks necessary for the achievement of the respective transport program, for the delay with more than one day compared to the schedule, CONPET S.A. is entitled to claim penalties in quantum of 0.03%

per day, calculated at the value of the transport service related to the outstanding quantity, not taken over, starting the first day of delay.

4.1.7 Company mergers and reorganizations, procurements and disposals of assets during financial year 2019

During financial year 2019 there were no mergers and there have not been made purchases or alienations of fixed tangible assets consisting of buildings and lands.

Purchases of tangible and intangible assets in 2019 were made in accordance with the investment program and the approved revenues and expenditure budget and are intended for deployment and modernization of activity.

The company has no open subsidiaries in Romania or abroad.

4.1.8 Implementation/development of the internal control management system

The internal control management system

The company CONPET SA, defined as a public entity in accordance with the Order of the Secretary General of the Government No. 600/2018, applies the Code of the internal control management of public entities approved by the aforementioned legislation.

CONPET SA does annual self-assessments of the degree of implementation of the internal control management standards and reports in accordance with the legal requirements.

Within the company, starting November 2018 is drafted the "Code of Ethics and Integrity of Conpet SA" and is appointed an ethics counselor by decision of the Director General.

The personnel of the organization signed an individual commitment to respect the rules of ethics and integrity set out in the code of ethics and the ethics counselor monitored the compliance of the organization's personnel with the principles and rules of conduct and provided advice and assistance in the field of ethics, according to a program approved by the Director General.

According to the provisions of OGSG no. 600/2018 for approving the Internal Control Management Code of public entities, the Monitoring committee of the internal control management system was appointed, by decision of the Director General, that has the following duties:

- ✓ Draws up the Development Program of the internal control management system covering the objectives of CONPET SA in internal control management, including, for each standard of internal control management, activities, officers in charge and deadlines, as well as other relevant elements in implementing and developing the internal control management system.
- ✓ Highlights, distinctly, in the program, the actions of professional development in the field of internal control management system, both for persons with management positions and for those with executive positions;
- ✓ Aims to achieve and provides updating of the development program of the internal control management system;

- ✓ Coordinates the process of updating the general and specific objectives, the procedure activities, the risk management process, the system performance monitoring, the procedure situation and the monitoring reporting system, respectively information to the Director General.
- ✓ Centralizes by the technical secretariat, the significant risks in the Risk Register of CONPET SA, based on the identification of risks by the risk management teams at divisions, departments, services and offices directly subordinated to the Director General.
- ✓ Analyzes and gives priority to significant risks, that might affect achieving the objectives of CONPET SA , by establishing risk profile and risk tolerance.
- ✓ Analyzes and endorses annually the risk profile and the risk tolerance limit proposed by the technical secretariat based on the Risk Register within CONPET SA and submits to approval of the Director General;
- ✓ Analyzes the annual plan of implementation of the control measures for the significant risks within Conpet S.A., drafted by the technical secretariat and submits to approval of the Director General
- ✓ Drafts,through the technical secretariat, information to the Director General, approved by the Chairman of the Monitoring Committee, on the deployment process of risk management and monitoring of performance at CONPET SA, based on annual reports from the directorates, departments, services and bureaus directly subordinated to the Director General.
- ✓ Analyzes the annual report on internal control management system and submits it for approval to the Director General.

The Decision of the Director General on which the Monitoring Committee was constituted, was updated during 2019, given the changes in the organizational structure.

The Commission shall cooperate with all organizational entities so as to implement and develop the internal control management system. Each member of the Monitoring Committee is responsible for fulfilling the tasks from the development program of the internal control management system and for the settled deadlines met.

The Internal Audit Office shall advise the Monitoring Commission and attends its meetings. Moreover, the Internal Audit Office monitors the activities of the Monitoring Commission and regularly informs the Director General on the activity of the Monitoring Committee and the problems facing it and which may affect the process of implementing and maintaining the internal control management system.

The Development Program of the internal control management system of CONPET is analyzed annually, on the self-evaluation of the implementation degree, according to OGSG no. 600/2018. The development programme of the internal control management system for the year 2019, approved by the Director General, has been revised in July.

According to the provisions of the system procedure "Setting the objectives of CONPET", SMART objectives have been set for 2019, at the level of all organizational entities. Corresponding to the changes in the organizational structure during 2019 the specific objectives of the entities affected by these changes have been updated.

Between march - June 2019, the risk management teams (Ro. EGR) held meetings in which the corresponding risks to the set objectives were revalued and the implementation status of the control measures due were reviewed, and where appropriate, new control measures for risk mitigation and new deadlines for their implementation have been proposed, according to the procedure system "Risk management".

The situation of the risks identified in 2019 within the meetings of the risk management teams, is as follows:

| Crt. no. | Risk Management Team Name | Level of tolerance of the identified hazard | | | | Total number of identified hazards |
|----------|--|---|--|--|---------------------------------------|------------------------------------|
| | | Number of tolerable hazards (1-4) | Number of hazards with high tolerability (5-8) | Number of hazards with low tolerability (9-12) | Number of hazards intolerable (15-25) | |
| 1 | Transport Operations | 24 | 8 | 1 | - | 33 |
| 2 | Economic | 6 | 5 | 1 | - | 12 |
| 3 | Maintenance Development | 4 | 20 | 18 | - | 42 |
| 4 | Corporate Governance, Communication and Public Relations, Administrative | 3 | - | 1 | - | 4 |
| 5 | Critical Infrastructures | 10 | 7 | 3 | - | 20 |
| 6 | Deputy Director General | 6 | 9 | 12 | - | 27 |
| 7 | DDG 2 | 2 | 5 | - | - | 7 |
| 8 | Internal Public Audit | 1 | 2 | 4 | 1 | 8 |
| 9 | BoA and GMS Secretariat Bureau | 3 | - | - | - | 3 |
| 10 | Procurement | 5 | 1 | 1 | - | 7 |
| | Total | 64 | 57 | 41 | 1 | 163 |

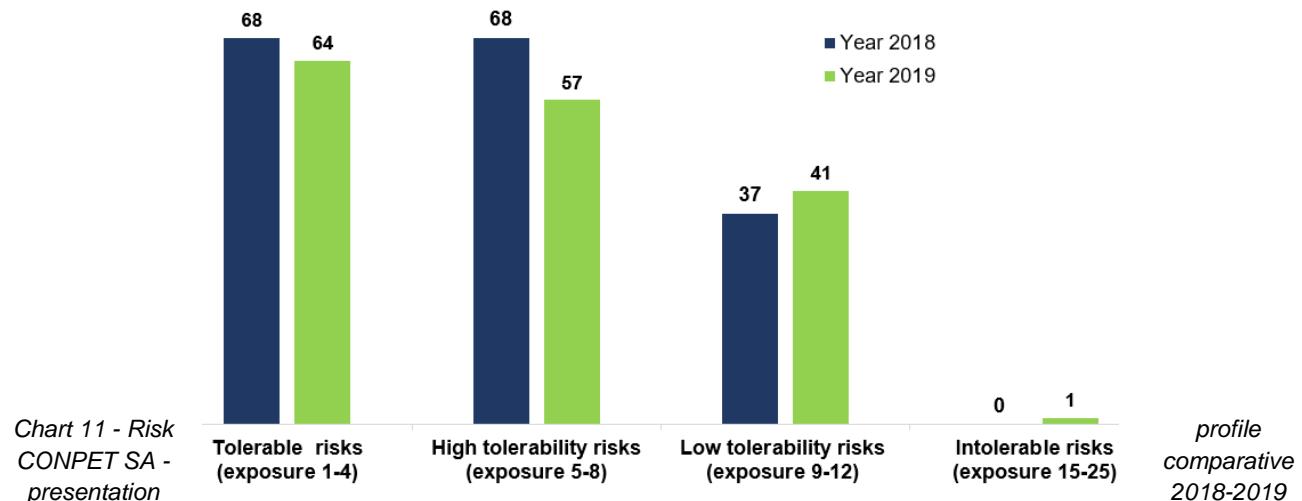
Table 13 - Statement of risks identified in 2019

Chart 10 -
within theStatement of risks
company

The risk profile at CONPET SA level for 2019 is as follows:

- 64 tolerable risks (exposure 1-4)
- 57 high tolerability risks (exposure between 5-8)
- 41 low tolerability risks (exposure between 9-12)
- 1 intolerable risk (exposure 16 - Internal Public Audit Bureau)

The risk profile at CONPET SA in 2019 as compared to 2018 is as follows:



Based on the risk profile at CONPET SA, the Monitoring Committee reviewed and approved the risk tolerance limit for 2019, to the maximum exposure level 8. All risks with exposure between 9 and 25 are significant risks, in 2019 accounting 42.

The Technical Secretariat of the Monitoring Committee has developed the Significant Risk Register within CONPET SA (with a tolerance level greater than or equal to 9). The activities of treatment the significant risks were centralized and the Annual control measures implementation plan for significant risks has been developed, as required by OGSG no. 600/2018, which was approved by the Director General.

According to the program of development of internal control management system for the year 2019 the following actions were carried out:

- a revised "Inventory of sensitive positions in Conpet SA" in conjunction with the Register of significant risks at Conpet SA and the Corruption risk register;
- individual targets for employees in managerial positions have been set and the Regulation on performance appraisal of employees if Conpet against individual annual objectives has been revised;
- situations that may affect business continuity within the organization, preventive measures and arrangements to ensure continuity were documented in the Continuity plan of Conpet SA;
- The operational procedure "Protection for the integrity whistleblower" has been developed, code OP-10-16 Ed.1 rev.0.

All actions in the program of development of internal control management system at CONPET SA for 2019 were made on the terms set out in the program.

Following the self-assessment of the internal control management system in accordance with OGSG no. 600/2018, it has been declared as complying on 31.12.2019, with all 16 standards implemented. It was also drafted the Report on internal control management system on 31.12.2019 were submitted to the supervisory body self-assessment results.

Integrated management system

Certification of the Integrated management system quality - environment - occupational health and safety was held for the first time in September 2007 with recertification every three years. Surveillance audits conducted by auditors of the certification body Det Norske Veritas, Germanischer Lloyd occur annually.

In September 2016 the energy management system certification took place, in accordance with the requirements SR EN ISO 50001: 2011, implemented and integrated with previous management systems. The certification audit was conducted by the same body Det Norske Veritas, Germanischer Lloyd.

As reference standards for quality management systems and environment were reviewed, during 2018 a program to implement the new/modified requirements of these standards was carried out. During the annual surveillance audit conducted by Det Norske Veritas, Germanischer Lloyd in July 2018 there has been evaluated the way the organization has made the transition to the revised standards requirements, respectively SR EN ISO 9001: 2015 and SR EN ISO 14001: 2015. There were no non-conformities to the requirements of the reference documents.

During 2019, CONPET SA has developed a program to implement the new requirements/modified of the standard on health and safety at work. Transition to the requirements of standard SR ISO 45001: 2018, which replaces the SR OHSAS 18001: 2008 took place in 2019, when the recertification audit took place. No major nonconformities were identified to the requirements of this standard.

Following the external recertification audit conducted by DET NORSKE VERITAS-GERMANISCHER LLOYD in September 2019, the following certificates shall be maintained:

- ✓ 179568-2015-AQ-ROU-RvA, for the quality management system;
- ✓ 179569-2015-AE-ROU-RvA, for the environment management system;
- ✓ 179565-2015-AHSO-ROU-RvA, for the occupational health and safety management system;
- ✓ 207619-2016-AE-ROU-RvA, for the energy management system;

Starting 2010, within CONPET SA the railway safety management system is implemented and maintained in accordance with the national legal requirements on railway safety and reference European directives. The field of application of this system includes the railway ramps where CONPET carries out railway shunting.

The Romanian Railway Authority (RRA) (Ro. AFER) granted the company The license for carrying rail services (railway shunting) and Safety Certificate Part A for the railway safety management system implemented in CONPET SA.

For railway ramps where CONPET SA carries out railway shunting for third parties or on its own account, on an industrial track owned or not owned by the company, AFER granted Safety certificates part B, for railway ramps: Suplacu Bacau, pecica, Berca, Marghita, Biled, Barbatesti,Imeci,Ciresu.

Law no. 55/2006 on railway safety and its subsequent acts were repealed in December 2019. The legal document governing railway safety is, at this time the Government Emergency Ordinance no. 73/2019 on railway safety.

In order to determine the effectiveness of the integrated quality - environment - health and safety - energy and railway safety management system, were conducted management reviews on 13.08.2019 (AEM no. 26) and on 04.11.2019 (AEM no. 27).

During 2019 the objectives and energy targets have been updated. The document "List of energy objectives and targets for 2019" includes the following objectives and targets:

| Energy objective 2019 | Energy target 2019 |
|--|---|
| O1: Maintaining energy efficiency for electricity use. | O1/T1: Maintaining of the electricity annual average specific technological consumption at a level of maximum 3.3 Kwh/product ton O1/T2: Maintaining of the electricity annual average consumption in Conpet administrative buildings reduced by 2.4% compared to the reference period 2014. |
| O2: Increasing energy efficiency for uses of natural gas. | O2/T1: Reducing natural gas consumption at CONPET by 25% compared to the reference period 2014. |
| O3: Increasing energy efficiency for uses of diesel. | O3/T1: Reduction of diesel consumption for railway shunting within Conpet by 30% over the reference period 2014. |
| O4: Increasing energy efficiency for the uses of automotive fuels. | O4/T1: Maintaining the auto fuel consumption in Conpet by 16% compared to the reference period 2014. |

Table 14 - Energy objectives and targets 2019

In order to fulfill these targets has been developed and approved the document: "Action plan for achieving energy objectives and targets".

The internal audit of the integrated management system and railway safety management system provide information on compliance with the requirements of referential and applicable legal requirements. The internal audits were conducted in accordance with the approved program for the year 2019 and the audit criteria established in the audit plans. The results were communicated to the audited by distributing the audit reports, which were attached reports of non-compliance and corrective action (RNAC) opened during audits. The company annually provides resources to develop adequate internal audit, mandatory requirement of the reference standards SR EN 9001:2015, SR EN ISO 14001:2015, SR ISO 45001:2018 and SR EN ISO 50001:2011.

4.1.9 Risk management

Within CONPET SA the Internal Control Management System has been implemented and developed, containing the 16 standards included in the Internal control management code of the public entities.

Implementation of Standard 8 requirements "Risk Management" was a priority in the organization by documentation and application of provisions of PS-MI-18 "Risk management" system procedure (sheet process, flow diagram and system procedure).

In the first half of 2019 have been identified, assessed and centralized risks that may affect the achievement of objectives. The company has developed a Register of significant risks (exposure level greater than or equal to 9) and an Annual plan containing measures for controlling significant risks, responsibilities and terms for the implementation of measures.

Assessment/reassessment of risks for 2020 will include the analysis stage of the implementation of measures to mitigate the risks for 2019 and will be conducted in accordance with the procedure system "Risk management", during which the risk register at CONPET will be updated.

➤ **Operational risk**

Operational risk comes from the Degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency) and Escalation of the criminal acts related to pipeline attacks bearing significant impact on the Pipelines National Transport System and environment;

The analyzed level of operational risk associated to the "degradation of the NTS" is large; it is an intolerable risk for which have been set urgent measures to control it, such as the redefinition of the transport infrastructure according to demand-side, restoring and optimization of pumping programs for the stations with low production, expanding the modernization of pumping stations and continuous monitoring of process parameters and and identification of new potential beneficiaries of the services delivered by the company.

The results and the company's business may be influenced by specific operational risks, including the following:

- escalation of the criminal behavior of attack to the pipelines with significant impact on the National Transport System via Pipelines and the environment;
- degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency);
- impossibility of railway transport programs exclusively due to the railway operator.

Closing of an oil extraction point attracts each time the start of a procedure for identifying additional opportunities to exploit the NTS.

➤ **The Market Risk**

The Market risk arises from reducing the amount of crude oil transported to the refineries. This makes the utilization of the transport system to be very low. The company must identify new opportunities leading to increased use of the system and adopt solutions for streamlining and optimizing transport activities conducive to maintaining the NTS to a high level of operational security.

The Company is dependent on the level of crude oil processing in Romania and the possibility of intervention in this area lays only in the demand of fuels in the market. The company Conpet can only prove at any time that is capable of providing quality services in the transport of crude oil, rich gas and condensate for any client. In order to ensure this goal Conpet must be an active player and permanently interested in the market developments in this area of interest.

Following the petrochemical industry restructuring in Romania, the transport of crude oil derived products (rich gas) decreased severely, (transport of ethane is no longer made since 2009), which adversely affects the use of the subsystem related to these products.

Given the conditions, by the support of the major shareholder, the Ministry of Energy and the National Authority for Mineral Resources (NAMR), CONPET pays efforts to identify new opportunities that lead to the increase of the degree of use of the system, nevertheless involving into regional projects started in its business area.

➤ Credit risk

Credit risk is the risk that the company bear the financial loss due to the failure of contractual obligations by a customer or counterpart to a financial instrument, and this risk results mainly from trade receivables, cash and cash equivalents and short-term investments of the company.

The company carries out trade relations only on contractual basis with recognized third parties, that warrants credit financing.

Financial assets which may subject the Company to risk are mainly trade receivables collection.

The company has implemented a series of policies that ensure that the sale of services are made to customers with a rapid collection. The value of net claims (without adjustments for depreciation) represents the maximum amount at risk of collection.

Credit risk related to trade receivables is low because of the regular collection of counter transport services and guarantees received from customers (letters of guarantee). . Even though there are significant concentrations, the customer base is extremely low, the management considers that the commercial credit risk is low.

➤ Risk related to the regulation and authorization

Risk related to the regulation and authorization, which is significant given that the company shall regularly obtain and renew a number of opinions, permits, certifications (for railway shunting activity). The Company is subject to a large amount of regulations in various fields, aspects which sometimes leads to additional costs and delays in the commencement or completion of works, with possible negative effects (such as technical failures followed by loss of product shipped which give rise to sanctions from the authorities).

The core business of CONPET, namely transport via pipelines and railway tanks has a significant environmental impact, which involves obtaining and renewing permits that regulate the activity of the company, obtaining building permits, based on all the necessary permits for work subcontracted from repair and investment programs, permits and certifications (AFER) for railway shunting activity, obtaining the INSEMEX authorization for all sectors etc.

The company's activity is subject to a large amount of regulations in various fields, which, if not respected, can lead to sanction or suspend the operations of the company.

➤ Liquidity risk

The liquidity risk is the Company's risk to face difficulties in the achievement of the liabilities associated with the financial debts that are being settled in cash or by the transfer of other financial asset.

The Company's approach in the liquidity management consists in providing, as much as possible, that it will always dispose of enough liquidities to pay the maturity liabilities, both under normal and stress conditions, without bearing unacceptable losses or endanger the Company's reputation.

The liquidity risk is managed by the Company's management by the application of a permanent insurance policy of liquidities meant to cover the settlement of the due financial liabilities.

The level of this analyzed risk is low, the measures to keep it under control stick to the close surveillance of the exposure to liquidity risk, this measure being sufficient.

➤ **Exchange Rate Risk**

The company may be exposed to fluctuations of the exchange rate of the currencies by means of cash and cash equivalents, short-term investments, long term loans or trade liabilities expressed in foreign currencies.

The functional currency of the Company is the Romanian Leu (RON). At present, the Company is exposed to the exchange rate risk through cash and cash equivalents, as well as through the procurements made in a currency different from the functional currency. The currencies exposing the Company to such a risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in RON, at the exchange rate of the date of the balance sheet, communicated by the Romanian National Bank. The resulting differences are included in the profit and loss account, but do not affect the cash flow up to the moment of the liquidation of the liability.

The Company's exposure to the exchange rate risk expressed in RON was insignificant. The analyzed level of this risk was negligible; it is a tolerable risk for which no necessary special measures are needed to keep it under control.

➤ **Risk of disputes**

The Risk related to litigation, which comes from the faulty manner in which the legal status of under/over crossed land by major pipeline transport has been regulated. CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites and the expense be borne by the company.

One of the major risks the company is currently exposed to, as concessionaire of the Crude oil, rich gas, ethane and condensate national transport system drives its sources in the legal regime of the lands under/over crossed by the transport major pipelines instituted pursuant to the provisions of Petroleum Law no. 238/2004. The number of private properties under/over crossed by pipelines is very high and there is a possibility that more and more owners bring proceedings in Court against the Company in order to obtain substantiated compensations based on the simple presence of the pipelines on their lands. Due to the defective way in which the legal regime of the lands under/over crossed by the transport major pipelines has been regulated, CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites (and the expense be borne by CONPET), or be granted annual compensations representing consisting amounts of money. Moreover, even some public authorities have laid claim

pecuniary about the presence of components belonging to NTS, on the lands owned or managed by them.

Within the last years, the Company prepared various legislative proposals to amend Law no 238/2004 - Petroleum Law, hoping for a coherent and clear regulation of the legal regime of lands under/over crossed by the transport major pipelines. Essentially, these proposals are based on the following assumptions:

- public property (of the major pipelines) must coexist with private ownership of land, which leads to the conclusion that the state must be acknowledged the exercise free of charge to certain categories of rights real (encumbrances etc.) for the presence of the pipes on the ground;
- CONPET must fully compensate the landowner for any action that would require temporary occupation of land for repair or damage suffered by owners due to damage.

➤ **The Risk Determined by the Correlation with the Global Market Evolution**

At international and regional level (the European Union):

The unpredictability of oil price developments will continue to impact the global economy. On short and medium term the oil prices are expected to continue to be pressured by uncertainty about the global economy, the trade war between the US and China as well as the relations between OPEC + (OPEC members plus non States - ex. Russia). Futures contracts on the oil market (5 years) do not exceed the barrier of \$ 60/barrel.

For the horizon of 2030, globally, it is estimated that the demand and supply of oil/petroleum products will be mainly influenced by: the cost of production of oil from unconventional sources, the impact of new technologies in exploration and production offshore in deep waters and dynamic oil demand in emerging economies from Asia.

Within the European Union, in the years 2020 - 2030 will be to the fore reducing dependence on oil, a policy closely linked to climate change and large promotion of renewable energy resources. Technologies related to alternative energy sources to oil consumption have developed and are supported by the EU policies on reducing carbon emissions.

On the European/regional downstream refining segment

Decline of the refining capacity would be reduced, by increasing the investment in increasing efficiency of existing capacity and implementation of superior technologies that will boost refining margins. This tendency is confirmed for the period 2018-2019 by refinery shutdowns stagnation in Central and Eastern Europe as well as the pursuit of modernization and integration of petrochemical capacity (ex. Croatia, Hungary). At Black Sea regional level, we notice a significant increase of the refining capacity of Turkey (25-30%) through the opening in November 2018 of a new STAR refinery (located in Izmir province, capacity 10 mil. tonnes/year) built by Azerbaijani SOCAR, which will provide the main raw materials to the petrochemical compound Petchim. It is estimated that the petrochemical products will address also the Romanian market, by SOCAR Petroleum.

Nationally, on the upstream segment - exploration and production of crude oil and condensate.

In the short term, the main player in this segment - OMV Petrom will continue exploration in areas with high impact and deep (> 4,000 m) and extending offshore licenses in the Black Sea block XIX Neptun. The medium-term strategy will focus on maximizing recovery rates of deposits and streamlining/outsourcing the existing portfolio by transfer of operating licenses (ex. Agreement with Mazarine Energy Romania). As a result of the takeover licenses, on the upstream-production, in 2018 and 2019 players with small annual productions occurred, but they have been added to the portfolio of clients of CONPET SA (NIS Petrol, Serinus Energy).

On medium and long term, the downward trend will continue until 2025-2030 followed by an expected sharp decline. As shown in the Romanian Energy Strategy 2016 - 2030, with 2050 perspective (October 2018 version), lower production of crude oil will reach about approximately 1.7 million tonnes in 2030 and to 1.15 million tons in 2050.

In the context of the massive decline in domestic production and moderate growth in consumption of petroleum products - especially on short and medium term, an increase in the quantity of oil imported is expected (while maintaining the same refining capacity of the country). Although in 2018 the crude oil imports of the main domestic producer - OMV Petrom were almost 45% below the level of 2017, commissioning of the facility of polifuels instalation of Brazi refinery at the beginning of 2019 supports future oil import to supplement quantities and use facilities at full capacity.

At national level in downstream - refining, storage and distribution of fuel

Also, the total amount of oil refined in 2019 (4.456 million tons) increased by approx. 8% compared to 2018. The total sales of refined products from the group OMV Petrom were of 4,987 thousand tons in 2018, representing a decline of 2% compared to the level recorded in 2017.

Petrotel Lukoil registered a decrease of 5.6 % in 2019, as compared to 2018, managing to refine 2.503 million tons of oil (the refinery has been in scheduled revision in 2019).

Projections of specialized analyzes on the downstream segment, refining and selling fuels in the medium term, take into account a relatively constant consumption until 2025, this being argumented by the equilibrium between the demographic decline and energy consumption and the impact of electro-mobility in the important economic sectors. In normal operation conditions, in a stable business environment and without major disruptive events, the termination of refining activity in Romania is unlikely, still a possible decrease due to increasing demand and pressure from other competitors being possible.

In the long term, beyond 2025, a significant decrease in fuel consumption is expected, generated by the major impact of the expansion of electromobility in the freight transport sectors/industry also.

➤ Capital Market Risk

The Romanian capital market, when referring to the current state of development, may be included in the frontier market category, markets that present higher risks as compared to the emerging or developed markets. This risk might be determined by fortuity events specific to a frontier market, considered a highly volatile market, particularly in the current global context.

In September last year, Romania was maintained by FTSE Russell, on the Watch List of countries for possible reclassification from frontier market status to the secondary emerging market. Then, according to the document, the criterion on "market liquidity sufficient to sustain significant global investments" was improved from "Default" to "Restricted", by improved market liquidity. According to FTSE, Romania fulfills the nine FTSE criteria for secondary emerging market status. FTSE decision to promote the market in Romania to a higher status will become effective in September 2020.

As regards the level of transactions performed or market capitalization, the Bucharest Stock Exchange is being defined as a limited size stock exchange, therefore occurring risks related to the limited liquidity of the market, as well as the high volatility of the price of the traded stocks.

The reduced liquidity of the market may determine the incapacity to buy or sell shares of the company, without bearing a significant impact on the price of that share, thus generating also a fluctuating evolution of the shares price.

➤ **Legislative-related risks**

The frequent amendment of the normative acts, here included those that bear direct impact on CONPET business may trigger risks for the company.

CONPET effort to constantly comply with the legislative requirements facing continuous change may generate significant additional costs and potential future amendments of the legislative framework may bear side effects on CONPET business and profitability (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities etc.).

Moreover, a possible increase in the level of the royalty paid for the use of the national Transport System may affect the financial statements and financial projections. An increase of the level of the royalty shall reflect into an augmentation of the transport tariff and, subsequently, the consequences may be seen on two lines: in the decrease of the crude transported quantities and over the pump price of the finite products resulted from the crude oil processing.

An important risk is being represented by the loss of the facility regarding the expenses borne by the Romanian State in order to provide the guard and protection of the pipelines by gendarmes, regulated by GD no. 1107 dated November 14, 2012, which amends and complements GD no. 1468/2005.

➤ **The Personnel Risk and the Waging System**

On December 31st 2019, the structure according to age is not balanced, the age category with the highest rate ratio in the company was the ones ranging between 51-60 years old (46.15%), 41-50 years old (32.83%) followed by the category of age ranging between 31 - 40 years old (12.32%).

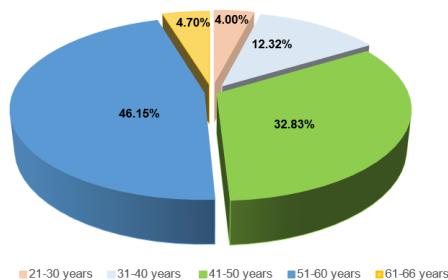


Chart 12 - Personnel structure by age groups

The average age of CONPET personnel is high enough (48.91 years old), the advantage being that 53.3% of the personnel has over 20 years of experience in the company, which stands for the stability and professionalism of the company's employees, but also accumulation of knowledge and skills, some taking many years of experience to be gained.

However, the risk of personnel in the future is the company to deal with staff shortages due to staff departures experienced natural causes.

The level of this analyzed risk was low; this is a high tolerability risk and for the control thereof have been set medium and long-term measures by way of the personnel policy and the monitoring of the personnel fluctuations (personnel input/output in/from the company). In this regard, the urgent need of vacant posts occupancy is carefully monitored, according to the needs required by organizational entity, the complexity and diversity of activities, skills needed and the responsibility related posts.

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➤ **The risk caused by pandemic Corona virus (Covid-19)**

Besides the above mentioned risks the company is currently facing risks caused by pandemic corona virus (COVID-19). Under these circumstances the company CONPET SA adopted an Action plan to prevent and combat contamination of employees with the new corona virus (COVID-19), as well as to identify scenarios for ensuring business continuity in the premises of the company, if the occurrence of cases of infection with the new virus (COVID-19).

Ever since the beginning of this situation, CONPET adopted special measures to protect the employees and limit a potential extension of the disease COVID-19. Thus, measures for the prevention and protection in all sites where employees operate have been taken, including: limiting visitor access, which is allowed only in absolutely necessary situations, subject to the rules of disinfection set by CONPET, intensification of actions on prevention and hygiene, limiting internal travel at their workstations, establishing minimum staff for the smooth running of operations and ensure continuity in the transport of crude oil, in the light of the pandemic of Corona virus (Covid-19). CONPET is a financially stable company that has the ability to quickly and efficiently implement emergency measures to be taken to protect the health of employees as well as to maintain safe administration of the Crude oil National transport system. In the context of the pandemic Corona virus (Covid-19), the company ensures business continuity. "In terms of the Company's financial statements for the year 2019, the activity is not affected and there is no need to the adjustment thereof. "

4.1.10 Internal and external audit

Internal audit

The internal public audit activity within CONPET SA is organized at the level of the Internal Public Audit Bureau.

The internal public audit activity in 2019 was performed based on the Internal Public Audit Plan approved by the Director General of CONPET SA and endorsed by the Audit Committee, as well as on the basis of the BOA Decisions to conduct ad-hoc audits required.

The core component of the system for reporting the results of the internal audit activity is represented by the internal audit reports, which are compiled at the end of each completed mission and are approved by the company's management. The reports contain the findings, conclusions and recommendations made by the auditors in order to improve the audited activities, as well as their opinion in relation to the level of functionality and efficiency of the internal control system attached to the areas assessed.

A total of 8 internal audit missions have been performed in 2019, where 20 recommendations have been formulated.

The topics of the missions have been as follows:

- ✓ *Missions according to the Internal Public Audit Plan:*
 - Assessing the state of fulfilling the provisions of the Integrity Plan in Conpet SA;
 - Conclusion, progress and tracking of service contracts with third-parties for pickup/recovery environmentally safe of paraffin-type waste, contaminated soil and sludge tank;
 - Substantiation and implementation of transport pipelines smart pigging programs;
 - Organization and coordination of activity in energy services;
 - Determination of taxable income and income taxes;
 - Decision-making process within Conpet SA Ploiesti.
- ✓ *Ad-hoc missions*
 - Breakdowns regime recorded in 2017;
 - Tracking and performance of contract works no. L-CA 75 of 22.02.2018.

The recommendations made by the internal auditors have been implemented or are being implemented and there were no cases of refusal of the management in the implementation thereof.

The Internal audit department constantly monitors the implementation status of the recommendations in the internal audit.

External audit

The annual financial statements have been audited by the independent financial auditor BDO Audit SRL appointed by GMS Decision no. 5/30.09.2019 for three years, starting with the financial year 2019. The financial auditor fulfilled the mission to review the interim quarterly financial statements for 2019.

4.1.11 Assessment of human resources and social dialog activity

Personnel structure

The number of employees on December 31st, 2019 was of 1,599 persons.

Following the adoption of measures on human capital resizing, the actual number of employees on December 31, 2019, compared to 31.12.2018 is down 58 people.

The evolution of personnel structure by education categories reveals the interest of the company to cover the staff needs with high qualification specialists and by the continuous improvement of the existing staff.

In 2019, the number of higher education employees was 550, increasing by 12 persons compared to 2018, and the number of secondary or general education employees has decreased from 1,119 people to 1,049 people.

| Studies | Total | % in total employees | Women | % in total employees | Men | % in total employees |
|---------------------|-------------|----------------------|------------|----------------------|-------------|----------------------|
| general | 119 | 7.44% | 12 | 0.75% | 107 | 6.69% |
| Secondary education | 930 | 58.16% | 83 | 5.19% | 847 | 52.97% |
| Higher education | 550 | 34.40% | 201 | 12.57% | 349 | 21.83% |
| Total | 1599 | 100% | 296 | 18.51% | 1303 | 81.49% |

Table 15 - Personnel structure by education level and gender

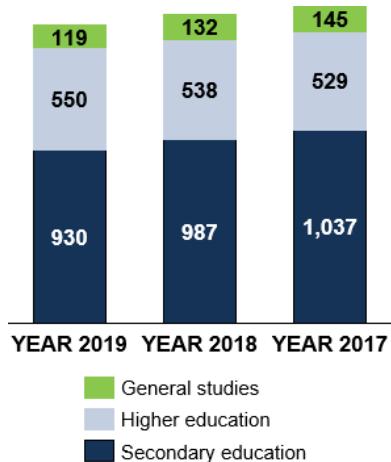


Chart 13 - The evolution of employees by level of education

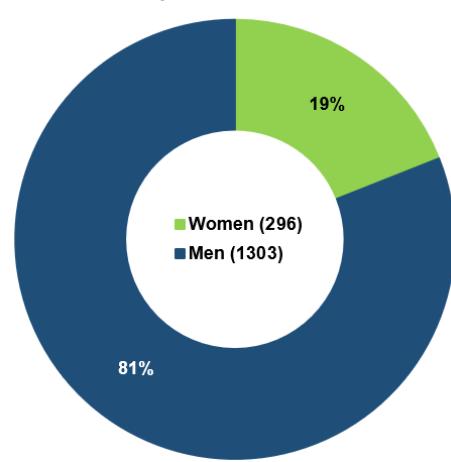


Chart 14 - Personnel structure by gender

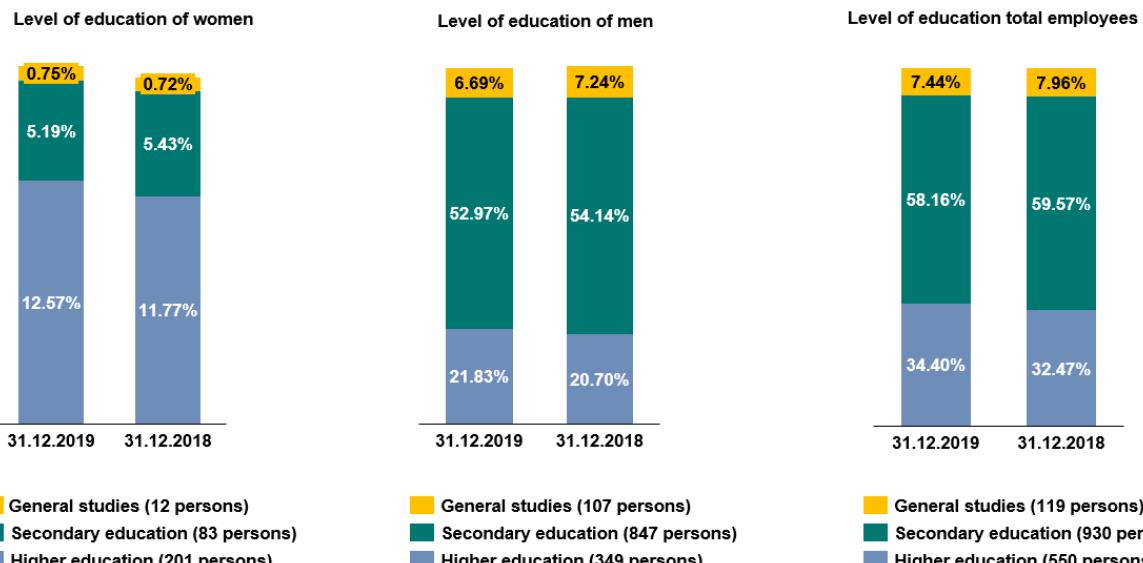


Chart 15 - Personnel share structure by categories of studies and gender

The evolution of the staff structure by education categories and gender reveals that the company promotes a non-discriminatory behavior by employing female specialists with higher education and professional skills that contributes to the growth of the company's activity results.

The staff with managerial functions represents 6% of the total number of employees and the executive staff amounts to 94%. Of all employees with managerial positions, a percentage of 26% is represented by female personnel.

In 2019 the structure of employees by categories was the following:

- ✓ Directly productive 600 employees;
- ✓ Technically productive 331 employees;
- ✓ Indirectly productive 266 employees;
- ✓ Administrative 268 employees;
- ✓ General service 134 employees.

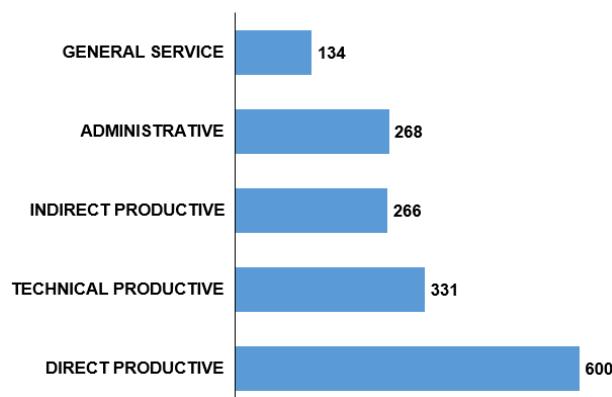


Chart 16 - The structure of employees by category in 2019

The degree of unionization of the workforce for the first semester of 2019 is 99.12%. During 2019, there have been no elements of a conflicting nature between employees and the management of the company.

Aspects regarding the Collective Labor Agreement

The Board of Administration of CONPET SA has mandated the Director General for the negotiation and conclusion with the Free Trade Union of Conpet of a new Collective Labor Agreement, before the expiry of the old CLA on 31.12.2018.

The new Collective Labor Agreement was approved by Decision of the Board no. 33/18.12.2018 for a period of two years, starting with 01.01.2019 until 31.12.2019 and was registered with the Inspectorate of Labor Prahova no. 341/27.12.2018.

The rights of the employees in the new CLA were negotiated to ensure achievement of financial performance indicators set out in the Management Plan, succeeding at the same time ensuring a balance between the interests of employers and trade union, taking into account that the interests of employees and the management of the company can not be divergent, and that the most important resource of the company is human resources.

Following the Decision of the BoA no.19/12.08.2019 and OGMS Resolution no. 5/30.09.2019, between the two sides was signed and registered at the Inspectorate of Labor Prahova with

no.287/01.10.2019, addendum no.1 to the CLA in force (registered at ILP with no. 341/27.12.2018). By the aforementioned addendum the salary scale has been amended for the purposes of granting wage increases in the gross amount of 300 lei/employee starting 01.10.2019.

The Activity of Professional Training and Authorization

In order to maintain and/or develop specific skills and basic skills of human capital, the training activities are carried out on an ongoing and planned basis, based on the professional training and authorization programs of the company, as a result of the conduct of a comprehensive process of identification and priorities setting of the CONPET SA staff training needs.

Training of company personnel is achieved mainly through participation in external courses, organized in collaboration with certified trainers for all fields of activity within the company. Also, training is conducted internally by trainers and/or experts of the company, with a good knowledge and experience relevant to the activity of the company. They hold training sessions and trainings to update knowledge and skills specific to the job.

Training of the employees has two components: training (technical, economic and other specialties) necessary to perform duties in the job description and a general one on training and/or professional licensing in various fields.

CONPET management assures annually, by the Revenues and Expenditure Budget, sources for the provision of training. Special attention is paid to the training of technical staff (maintenance and operations), mainly for new skills necessary to carry out the work safely the National Transport System.

| Crt. no | Type of training and professional authorization 2019 | Employees participants |
|--------------|---|------------------------|
| 1. | Various fields authorizations (specific of activity) | 73 |
| 2. | Railway authorizations | 208 |
| 3. | Training | 424 |
| 4. | Qualifications/training/internal authorizations | 625 |
| Total | | 1330 |

Table 16 - Structure of training/professional authorization courses in 2019

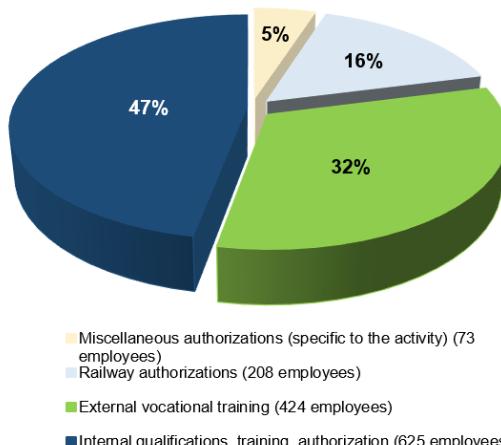


Chart 17 - Type of professional training and authorization

Approval of a new Regulation on the assessment of the professional performance of CONPET SA employees

On December 12, 2019 the Board of Administration approved, by Decision no.26 a new Regulation on the assessment of the professional performance of CONPET SA employees - Annex 1 to the Internal regulation. The document was drafted for:

- implementation of Standard 3 - Competence performance from the Development program for 2019, of the Internal Control Management System in CONPET SA;
- optimization of integrated performance evaluation system of employees within CONPET SA which envisages the establishment of individual SMART objectives and performance indicators for management positions.

At the same time, the new Regulation on the assessment of the professional performance of CONPET SA employees is in line with OGSG no. 600/20.04.2018 approving the Code of Internal Control Management, Law no.53/2003 rep. - Labor Code, as well as with the Board of Administration requests that focus on the individual professional performance, basic principle in labor relations.

The new evaluation criteria, individual objectives, performance indicators, target values and weights associated to the work of 2020 of the employees in management positions, were subject to conclusion of addenda to individual employment contracts of the employees, as laid down in each entity.

4.1.12 Analysis of the HSEQ activity

Identification of environmental aspects and environmental impact assessment

The Environmental Management System implemented has been developed according to the new version of ISO 14001: 2015. During the year 2019 the System Procedures and Operational Procedures for activities of environmental protection were revised.

Given the significant environmental aspects identified at company level, the measures of inspection reports/minutes - authorities, concerning compliance with legal and other requirements, etc., during 2019 the Environmental Management Program was revised.

Regulation of activities in terms of environment and water management

In terms of environmental protection and water management, CONPET activity is authorized in accordance with the provisions of EGO 195/2005 on environmental protection, as supplemented and amended and Water Law no.107/2005, with subsequent amendments and additions.

The company Conpet holds 39 permits for water management and 24 environmental authorizations.

During 2019 it was requested reauthorization for some objectives in which the work was stopped, namely crude oil loading ramp Valcani, major crude oil transport pipeline Ø20" Bărăganu-Onesti, crude oil pumping station Mărtinești and handover station deposit Onești. For these objectives the environmental authorities APM Timis and ANPM Bucharest have not issued environmental permits, being recommended authorization request at activity restart.

For the major transport pipeline Ø20" Bărăganu-Onesti, crude oil pumping station Mărtinești and handover station deposit Onești, ANPM Bucharest requested notification for cessation and proposals

on environmental protection obligations under art. 10 para. (2) of EGO 195/2005 on environmental protection, approved by Law no. 265/2006, as amended and supplemented.

Assessments of compliance with legal requirements and other environmental requirements

The assessment of the compliance with the legal requirements and other requirements applicable to the environmental aspects, was provided by: internal audits performed by the internal auditors within the company, inspections in all working sites and various installations (tanks, pipelines, keyboards, etc.) performed by the environmental authorities (representatives of the central and local environment and water management) and by the HSEQ responsible in the sectors.

The environment and water management authorities are carrying out scheduled audits in CONPET sites, unscheduled and thematic with regards to the observance of the legal requirements and other environmental regulations, not having been found major nonconformities. The personnel within the sectors, namely the HSEQ responsible perform scheduled inspections, as per the annual Chart of inspection with regards to the compliance of the legal requirements and other applicable requirements, but also unscheduled inspections as per the attributions of the job description.

To verify compliance with legal requirements, in 2019 there were 70 inspections, their structure being as follows:

- 21 inspections National Environmental Guard - County Commissariats;
- 31 inspections Basins Administrations/Water Management Systems;
- 10 inspections Environmental Agencies;
- 8 inspections Risk Secretariats (SEVESO).

Pollutions bearing significant impact on the environment

While pumping the crude oil, on the transport pipelines accidental pollutions may occur, triggering the contamination of the geological environment. Therefore, in 2019 there have been reported accidental pollutions in various areas in the country. The expenses made in 2019 for the decontamination of the affected areas reached 627.1 thousand RON.

For compliance with the regulations required by the national legislation on environment in force, regarding management of dangerous waste, "paraffin - type" and "tank sludge", the company CONPET has the obligation to contract services for recovery/disposal thereof avoiding sanctions provided by EGO no. 195/2005 on environmental protection, Law no. 211/2011 on waste regime and GD 1061/2008 on the transport of hazardous waste in Romania.

Hazardous waste "tank sludge-type" is generated from the activity of storage of the crude oil in tanks (in time, mechanical impurities from crude oil settles generating this sludge), it must be periodically evacuated, in order to ensure the necessary storage space for the crude oil, respectively repairs/calibration of tanks, as well as the need to eliminate the risk of fires or pollution from oil storage tanks, tanks leaks, decanters and sewage that is no longer present in the technological and sludge deposits.

In 2019 were cleaned of waste, the targets: network homes and gutters from Bărbătești old loading ramp, Gorj county, three-chamber decanter within Orlești crude oil pumping station, Vâlcea county, tank R1 Ghercești, Dolj county.

In the process flows performed by CONPET SA, periodically, based on maintenance programs, the major and/or local crude oil transport pipelines are subject to inside cleaning with special devices called "pigging". Following the execution of inside cleaning of these pipelines, of the related keyboards, of the filters from pumps or skids, paraffin is generated which is a hazardous waste according to environmental legislation in force. For the collection and disposal of this waste, several measures are being undertaken in order to ensure compliance with environmental requirements.

Based on the requirements of the chapter "Environmental Monitoring" included in the environmental permits, "*The annual program for monitoring and measuring the characteristics of the environmental factors 2019*" has been developed, which has included the performance of the following parameters:

- ✓ concentration of pollutants in the exhaust emissions from the water surface into the water in the sewer network and the concentration of pollutants in the groundwater (existing monitoring wells) determining the level of pollution in the event of accidental pollution of rivers;
- ✓ the concentration of pollutants in atmospheric emissions of stationary sources and/or movable (thermal power stations, oil storage tanks), and the concentration of pollutants in the ambient air;
- ✓ concentration of specific pollutants from soil samples;
- ✓ noise level.

To determine the level of pollution for the environmental factors water, air, soil and noise analyzes are conducted by certified laboratories. The values recorded for each measured indicator were below the maximum limits provided for by the regulation, according to test reports issued. The physical and chemical analyzes to monitor environmental factors were taken through laboratories accredited according to SR EN 17025: 2005.

The results of monitoring the environmental factors are communicated to the environmental authorities as required by environmental permits. In 2019, the costs for environmental factors monitoring amounted to 22.9 thousand RON.

4.2 Analysis of the corporate activity

4.2.1 Main components of the NTS infrastructure

The Crude Oil, Rich Gas, Condensate and Ethane Pipeline Transport System has in composition 4 transport subsystems, grouped according to the transported products as follows:

1. The domestic crude oil and condensate subsystem transport

The subsystem contains pipelines describing approx. 1,700 km, for the transport of crude oil and condensate from the production units of OMV Petrom and third parties, operating areas throughout the country, to the refineries.

This subsystem has the following main components:

- **Ardeal component**, used to transport crude oil from the deposit to the railway loading ramps in rail tanks and from here to the refineries in Ploiești or to Bărbătești unloading ramp.

this component covers the following operations:

- the crude oil received in Suplacu de Barcău is loaded in railway tanks at Suplac loading ramp and is transported to Petrobrazi refinery. the loading capacity of Suplac ramp is of 1,500 t/day;
- the crude oil in Petreu deposit is pumped in Marghita loading ramp, is loaded in railway tanks and transported to the railway ramp of Petrobrazi refinery. the loading capacity of Marghita ramp is of 1,000 t/day;
- the crude oil in Turnu and Bodrog deposits is pumped in Pecica loading ramp, is loaded in railway tanks and transported to Bărbătești unloading ramp. the loading capacity of Pecica railway ramp is of 1,200 t/day;
- the crude oil in Sat Chinez deposit is pumped in Biled loading ramp, is loaded in railway tanks and transported to Bărbătești unloading ramp. the loading capacity of Biled ramp is of 800 t/day;
- the crude oil in Tinca deposit is transported to Salonta loading ramp, is loaded in railway tanks and transported to Bărbătești unloading ramp;

- **Moldova component** used to transport crude oil from the production units related to Lucăcesti, Comănești and Cerdac pumping stations to Rafo Onești and Dărmănești refineries. Currently, as the processing plants of crude oil from Rafo Onești and Dărmănești refineries do not operate anymore, the pumping of the crude oil transport is taken to the warehouse loading ramp Moinești. From here the oil is transported by rail tanks to Petrobrazi, Petrotel- Lukoil refineries or other destination, depending on customer requests. During 2017, following the takeover of the concession by Mazarine of several oil fields in the region of Moldova, the Cerdac store was closed. The crude oil extracted from it is being transported by the storage trucks to Ghelința/Comănești deposit. From the Ghelința storage warehouse, starting 2019, the crude oil is transported by tankers (Conpet property) to the loading dock Imeci, loaded into railway tanks and transported to Petrobrazi refinery.
- **Ghercești - Ploiești component** includes takeover of the crude oil from the production units related to Ghercești, Lact, Râca, Izvoru, Videle, Poeni, Roata and Potlogi pumping stations and transport of crude oil by pipeline to Petrobrazi refinery in Ploiești. The transport is carried out as follows:
 - by major pipeline $\varnothing 10\frac{3}{4}$ " x 145 km. Ghercești – Icoana – Cartojani, with connections $\varnothing 6\frac{5}{8}$ " x 5,5 km from LACT, connection $\varnothing 6\frac{5}{8}$ " + $4\frac{1}{2}$ " x 8,3 km from Izvoru (the pipeline belongs to OMV Petrom);
 - from Poeni deposit, the crude oil is transported by pipe $\varnothing 10\frac{3}{4}$ " Icoana – Cartojani, to Cartojani station;
 - from Cartojani station, it is pumped to Ploiești by the two pipes $\varnothing 12\frac{3}{4}$ " x 80 km and $\varnothing 14\frac{3}{4}$ " x 80 km with connection $\varnothing 10\frac{3}{4}$ " x 7.8 km from Potlogi station;
 - pumping from Videle deposit is made by pipe of 10", in pipe of $\varnothing 14\frac{3}{4}$ " simultaneously with the pumping of transit crude oil from Cartojani;
 - between pipes $\varnothing 12\frac{3}{4}$ " and $\varnothing 14\frac{3}{4}$ " from Cartojani to Ploiești and pipes $\varnothing 14\frac{3}{4}$ " and $\varnothing 20$ " Călăreți – Pitești (related to the import crude oil transport subsystem) there are links to the manifold in Ghimpăti, in order to transport Petromar crude oil or import crude oil to Petrobrazi refinery.

The maximum transport capacity by the pipe $\varnothing 14\frac{3}{4}$ " is given by the simultaneous pumping with one pump from Videle, one from Cartojani and one from Potlogi. In this pumping scenario the transport capacity is of 2500 tons/day. A maximum of two pumps can be used to pump in the pipe $\varnothing 12\frac{3}{4}$ ", the maximum capacity being of 2,000 t/day. If pumping is made from Călăreți to Brazi, on the route 14"x12"/14", the maximum capacity of transport is of 5,000 t/day.

- **Țicleni–Ploiești component** includes two main lines with a length of approx. 250 km, thread I and thread II.

The main line, Țicleni–Bărbătești and Bărbătești–Orlești–Poiana Lacului–Siliște–Ploiești, thread I, ensures the transport of crude oil from Țicleni and from Bărbătești unloading ramp to the refineries in Ploiești (with the possibility of pumping to Arpechim Pitești refinery, as well). OMV Petrom Totea-Hurezani deposit is connected to Bărbătești – Orlești pipe sector. The transport capacity of this major line is of 2,000 t/day;

The major pipeline thread II collects crude oil and condensate from Țicleni, Mădulari, Orlești, Otești, Poiana Lacului, Oarja, Saru, Siliște and Bucșani pumping and re-pumping stations for supplying the refineries in Ploiești (or Arpechim Pitești refinery). Vârteju station was closed by OMV Petrom in 2017. The transport capacity of this major pipeline is of 2,200 t/day;

- **Muntenia basin pipeline component** includes pipelines used to transport crude oil from the stations and deposits close to the city of Ploiești, as follows:
 - from Teiș, Ochiuri, Moreni and Aricești deposits, the crude oil is transported through the pipe 6" RA Moreni-Ploiești to Petrobrazi refinery; the nominal transport capacity is of 1,200 t/day;
 - from Grindu deposit, the crude oil is transported through pipeline on Urziceni – Albești – Ploiești route; from Urlați deposit, crude oil is transported through pipeline Urlați – Albești – Ploiești route; the nominal transport capacity to Ploiești is of 550 t/day;
 - from Șurani, Predealul Sărari, Gura Vitioarei, Păcureți and Boldești deposits, crude oil is transported through Boldești-Ploiești pipeline, with the nominal transport capacity of 1,300 t/day;
 - from Recea, Mislea, Băicoi Vest, Slobozia and Pădure deposits, crude oil is transported through Băicoi – Ploiești pipeline, with the nominal transport capacity of 1,000 t/day;
- **local pipeline component** used to transport crude oil from deposits to the loading ramps in railway tanks, and from here to the refineries in Ploiești, as follows:
 - the crude oil from Lascăr Catargiu deposit is pumped to Independenta railway loading ramp, with a loading capacity of 1,200 t/day;
 - the crude oil from Opreșenești deposit is pumped to Ciresu railway loading ramp, with a loading capacity of 2,000 t/day;
 - the crude oil from Monteoro and Berca is loaded in Berca railway loading ramp, with a loading capacity of 1,000 t/day;
 - the crude oil from Ghelința deposit is loaded in Imeci railway loading ramp, with a loading capacity of 400 t/day.

2. Rich gas transport subsystem

The subsystem is intended for the transport of rich gas from the recovery plants in Ardeal, Oltenia and Muntenia to the refineries in Pitești and Ploiești. The transport subsystem has the following composition:

- major pipeline thread I Țicleni–Ploiești (served the region from Oltenia and Muntenia and today is no longer used following the closure of production facilities by OMV Petrom);
- local piping in Ardeal.

Rich gas transport via pipeline in Arpechim refinery has been suspended since April 2011. In 2017, the dower of the rich gas pipeline 6^{5/8}" thread I Bărbătești – Ploiești has been discharged, in length of 289 km.

Currently, there are running two recovery plants (Abrămuț and Calacea). Produced rich gas is transported via pipeline from the ramp Abrămuț to Marghita ramp, and from the ramp Calacea to Biled ramp, and from here by railway to Petrobrazi.

Local pipeline between Calacea - Biled ramp, is a $\varnothing 6^{5/8''}$ x 15 km pipeline with a loading capacity of 150 tons/day. Rich gas taken over from the recovery plant Abrămuț is pumped on a $4^{1/2''}$ x 4 km pipeline to Marghita railway loading ramp, with a loading capacity of 100 tons/day.

3. Ethane transport subsystem

This subsystem has been allocated for the transport of ethane from the deethanizer platform Turburea to Arpechim refinery Pitesti. At present, due to the inactivity of Arpechim refinery, the subsystem is not used. Ethane transport has been suspended in November 2008. We mention that a portion of this pipeline (11 km) is used to transport condensate from Totea deposit to Petrobrazi refinery, with the approval of NAMR.

4. Import crude oil transport subsystem

The import crude oil transport subsystem ensures the transport of crude oil from the Oil Terminal Constanta to the refineries in Ploiești, Arpechim-Pitești and Midia. The import crude oil transport subsystem includes Constanța Nord, Constanța Sud, Mircea Vodă, Bărăganu, Dragoș Vodă, Călăreți, Mavrodin and Martinești pumping stations.

Domestic crude oil from Petromar crude oil deposit is pumped through the pipe of $\varnothing 10''$ Petromar-Nisipari (pipe belonging to OMV Petrom). Nisipari is the interconnection point with the major pipelines $\varnothing 14''$, $\varnothing 20''$ and $\varnothing 28''$ Constanța – Bărăganu.

From Bărăganu station may be pumped to Rafo Onești refinery, via pipeline $\varnothing 20''$ Bărăganu – Martinești – Rafo Onești. Currently, the pipeline is drained from product at the request of Rafo Onești, with the approval of N.A.M.R. From Bărăganu, one can also pump, by means of the stations related to each pipe, through the pipelines $\varnothing 14''$, $\varnothing 20''$ and $\varnothing 24''$ to Călăreți station.

From Călăreți, one can pump to Ploiești via two pipes of $\varnothing 12''$ Thread I and II, to Petrotel refinery, and via a pipe of $\varnothing 24''$ to Petrobrazi refinery. At this point, the $\varnothing 24''$ pipe sector from Pietroșani manifold (in Prahova, close to Ploiești) to Petrobrazi is impractical due to the advanced deterioration. From Călăreți, one can pump to Pitești refinery both via the $\varnothing 14''$ pipe and the $\varnothing 20''$ pipe. Currently, the pipe $\varnothing 20''$ Călăreți – Pitești was drained from product at the request of OMV Petrom, with the approval of N.A.M.R.

Depending on the chosen pumping method, from pump to pump, through the by-pass of the stations or by pumping from Călăreți tanks, different pumping scenarios can be performed for each transport route. At this moment, Constanța Nord, Mircea Vodă, Dragoș Vodă, Martinești, Bărăganu and Mavrodin pumping stations and the tanks in Bărăganu station are no longer used.

- for Petrotel Lukoil, pumping is made from Oil Terminal Constanța Sud deposit via the $\varnothing 28''$ pipe to Bărăganu station and from here, via pipe $\varnothing 24''$ Bărăganu – Călăreți, at a pumping rate of 650 t/h. From Călăreți deposit, E station pumps via the $\varnothing 24''$ pipe to Ploiești, up to Pietroșani manifold, where routing is made through the two threads of $\varnothing 12^{3/4''}$ to Petrotel refinery, with

flow rates of 650 t/h. The annual crude oil transport capacity for Petrotel refinery is of 4 million tons.

- for crude oil supply to Petromidia refinery, the crude oil received in Constanța Sud deposit is pumped via the pipe Ø 24" Constanța – Midia, using two booster pumps carrying a rate of 850 cb.m/hour, providing a yearly transport capacity of 6.5 million tons;
- for OMV Petrom, the pumping of the crude oil received in Oil Terminal and Petromar, intended for Arpechim and Petrobrazi refineries, is done via the Ø 20" pipe, Constanța – Bărăganu, and via the Ø 20" pipe, Bărăganu – Călăreți. From Călăreți, it is possible to pump via the Ø 14" pipe up to Ghimpați manifold and, from here, in the Ø 12" pipe Cartojani to Petrobrazi refinery. From Călăreți it is also possible to pump via the Ø 14" pipe up to Arpechim refinery. The maximum flow of crude oil discharge from Petromar is 200 cb.m/hour, through the 10" pipe Petromar – Poarta Albă. From Călăreți, the crude oil discharge flow rates to the two refineries are 250 cb.m/hour to Petrobrazi and 220 cb.m/hours to Arpechim refinery, with a yearly transport capacity of 1.3 million.

Domestic production of crude oil, condensate and rich gas is transported only via pipeline, either by rail tanks, or combined (rail and pipeline).

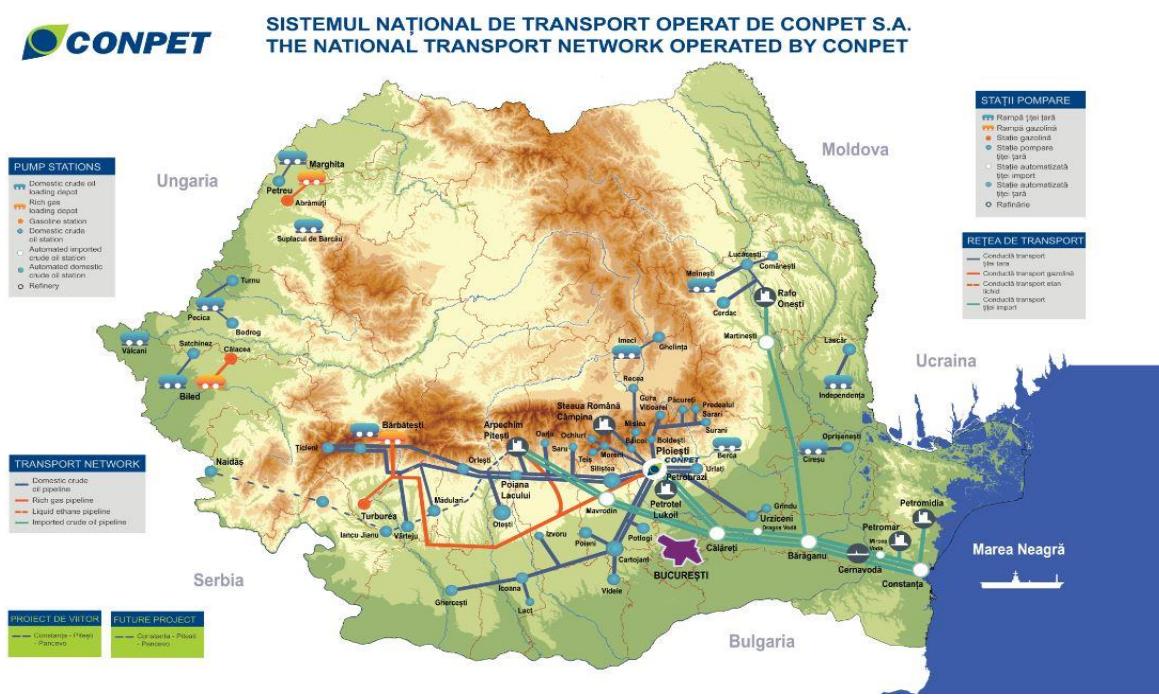


Chart 18- The National Transport System operated by CONPET

Given the natural distribution of the oil fields spread over the entire Romanian territory, the National Transport System was built so as to meet the transport needs from all those fields to the refineries. The system operation is being made based on the local dispatch centers, coordinated from the Company's Central Dispatch.

During the transport process, CONPET uses a large number of tanks (about 90) of various capacities. Starting 2019 Conpet runs a big process of rehabilitation of tanks and replacing those with high degree of wear and storage capacity over the necessary of transport stream with new ones to meet the needs of current production, environment and energy consumption. The modernization and development process will be completed in 2030.

The company has also a fleet comprising 240 vehicles; its structure by functional destinations on December 31st, 2019 is as follows:

- 77 - passenger cars and off-road vehicles for business purposes;
- 73 other vehicles means and of intervention: bulldozer-excavators, crawler type excavator, mini excavator road tractors, tankers, digger trucks, special trailers, prover trailer, compressor trailer, trailer for equipment transport, forklifts;
- 70 land vehicles and vehicles for human and merchandise transport, work teams, interventions;
- 20 special sewage trucks vehicles, crane vehicles, UDS, PRB diggers, trucks.

4.2.2 The wear degree of the company's properties

In order to perform the transport of crude oil, rich gas and ethane, from and to all its business partners, in conditions of maximum operation, high efficiency and operating costs as low as possible, in compliance with the legislation in force relating to environmental protection and labor protection and the other normative acts in the field, CONPET carries out a continuous activity on the improvement of the technical condition of the National Transport System.

In the period of 1995-2007, through the Modernization Project co-financed by the World Bank, works consisting of the rehabilitation and modernization/refurbishment itself of the Oil National Transport System have been conducted. This project has targeted:

- pipelines rehabilitation;
- rehabilitation of the pumping stations on the major pipelines and two crude oil and rich gas loading/unloading ramps;
- automation of the transport system and introduction of the SCADA system;
- introduction of crude oil tax measurement systems;
- development of a telecommunication system.

After 2007, the emphasis has been mainly placed on the further modernization of the pipeline system. In order to determine the correct segments of pipelines to be replaced, the major transport pipelines were inspected by smart pigging and the waste pipeline replacements were performed in the period 2003 - 2019 for approx. 535 km of pipeline.

Furthermore, for safe operation, monitoring and maintenance of the National Transport System via pipelines, Conpet has considered the performance of works intended to secure the infrastructure of the water crossings designed to enhance the degree of safety in operation of the pipelines in question, indirectly, and the protection of the waters crossed against pollution.

The pipelines composing the crude oil National Transport System overs cross various watercourses in two constructive solutions: aboveground and underground.

Another important component in terms of safe operation and environmental protection in order to pay attention to the investment process was to secure the crossings. The works carried out were:

- low weirs;
- bank protections upstream and downstream of the low weir;
- wave crushers;
- piles foundation consolidation;

- bank protections on the route of the pipelines which are parallel with the river bed (damaged bank);
- other works related to pipeline consolidation

CONPET is intensifying its efforts for continuation of the activities of modernization of the main pipeline transport subsystems, while paying increased attention to the other technological components of the system, namely:

- pumping stations;
- technological installations;
- FEP facilities;
- technological and administrative buildings;
- energy and thermal plants, telecommunications;
- other auxiliary components.

The improvement of the technical status of the transport system, led to:

- reduced technological costs in the storage and transport process;
- minimized energy, fuel and lubricant consumptions;
- minimized operating costs and reduced operating difficulties;
- improved safety and flexibility of the system;
- reduced environmental impacts;
- improved quantitative and qualitative measurements of the crude oil transported.

In relation to those shown, one can ascertain that the technical condition of the Crude Oil National Transport System via pipelines operated by CONPET is a proper one, the modernization efforts in the future focusing on components such as: leak detection system and modernization of the cathodic protection system.

4.2.3 Investments achieved in 2019 as compared to programmed 2019

The current pipeline replacement frequency is given by the inline inspection thereof, the statistics of the technical and the provoked breakdowns. The pipeline replacements within the last few years, in length of approx. 535 km, were performed on the pipelines with the highest degree of utilization.

The total number of technical and provoked breakdowns decreased from 184 in 2013 to 31 in 2019.

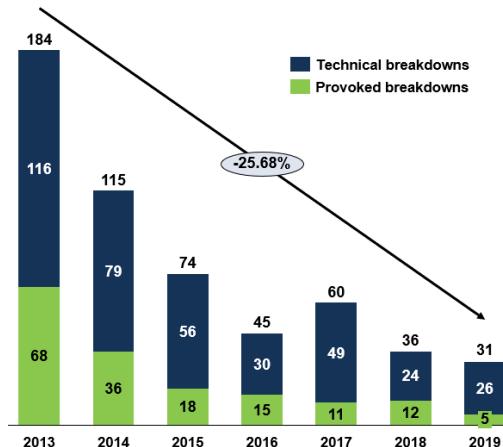


Chart 19 Evolution of the technical and provoked breakdowns during 2013-2019

The achievement of the investment program in 2019, as compared to the level scheduled for 2019 is the following:

| Thousand RON | | | | |
|--------------|---|---------------|---------------|-------------------------|
| Crt.no. | Name of the Objective | Program 2019 | Achieved 2019 | Degree of achievement % |
| | TOTAL GENERAL, out of which: | 86,000 | 80,143 | 93% |
| I | PUBLIC DOMAIN | 71,375 | 66,674 | 93% |
| 1 | Pipelines rehabilitation, out of which | 29,698 | 26,747 | 90% |
| 1.1 | Pipeline replacement | 22,937 | 20,227 | 88% |
| 1.2 | Safe disposals | 6,761 | 6,520 | 96% |
| 2 | Replacement of the connection lines Danube crossing C1-C2 and C3-C4 Borcea arm in total length of 24 km | 207 | 4 | 2% |
| 3 | Modernization and monitoring of the cathodic protection system related to the National Transport System (Ro. SNT) domestic and import | 3,210 | 3,193 | 99% |
| 4 | Modernization and monitoring of the cathodic protection system related to SNT domestic and import - stage 2 | 0 | | - |
| 5 | Pilot system for detecting and locating leaks of product from the major pipelines system of crude oil transport Poiana Lacului - Siliște - Ploiești | 995 | 976 | 98% |
| 6 | Consulting and Technical Assistance | 0 | | - |
| 7 | Tanks | 11,463 | 11,036 | 96% |
| 8 | Energy works | 4,966 | 4,947 | 100% |
| 9 | Telecommunication works | 8,073 | 8,051 | 100% |
| 10 | Pumping systems upgrade | 404 | 394 | 98% |
| 11 | Stations/ramp modernization | 3,841 | 3,666 | 95% |
| 12 | Buildings, fences stations | 879 | 736 | 84% |
| 13 | Automation and SCADA works | 7,179 | 6,650 | 93% |
| 14 | Other works: | 65 | 65 | 100% |
| 15 | Projects, Studies, Technical Appraisals | 193 | 9 | 5% |
| | Independent facilities and equipment | 202 | 200 | 99% |
| II | OPERATING DOMAIN | 14,625 | 13,469 | 92% |
| | Investment objectives, o/w: | 10,135 | 9,602 | 95% |
| 1 | Pipelines rehabilitation | 438 | 222 | 51% |
| 2 | Buildings, fences stations | 1,611 | 1,509 | 94% |
| 3 | LDH and tank cars | 6,505 | 6,448 | 99% |
| 4 | Energy works | 0 | 0 | - |
| 5 | Other works | 1,431 | 1,272 | 89% |

| Crt.no. | Name of the Objective | Program 2019 | Achieved 2019 | Degree of achievement % |
|---------|--------------------------------------|--------------|---------------|-------------------------|
| 6 | Intangible investments | 150 | 151 | 101% |
| | Independent facilities and equipment | 4,490 | 3,867 | 86% |

Table 17 - The achievement of the investment program 2019 as compared to REB 2019

In 2019 have been performed 24 design works, out of which 22 works with a total investment value of *97,940 thousand RON*, have been endorsed in the Steering Committee of CONPET, as follows:

- Replacement of Ø8" crude oil pipeline NEW Vega-Brazi Refinery, in Petrobrazi Refinery area - Skiduri keyboard, Prahova county, on an approximately 800 m length and replacement of cleansing installation, with a value of 2,009 thousand RON;
- Replacement of the Ø10" F2 crude oil pipeline Siliște-Ploiești, in the Brazi Stadium area-inside Petrobrazi Refinery, Prahova county, on an approximately 1,170 m length and replacement of cleansing installation, with a value of 5,692 thousand RON;
- Replacement of the Ø 12 $\frac{3}{4}$ " and Ø 14 $\frac{3}{4}$ " transport crude oil pipeline Cartojani - Ploiești, in the area of Bâldana locality, Dâmbovița County, on a length of 530 m, with a value estimated by the designer of 1,521 thousand RON;
- New tank for condensate (V-500, m³), Bărbătești pumping station, Gorj county, with a value estimated by the designer of 2,140 kRON.
- The modernization of the crude oil pumping system in Potlogi Station, Dâmbovița county, with a value estimated by the designer of 3,417 kRON.
- The modernization of the the crude oil pumping system in Ochiuri Station, Dâmbovița county, with a value estimated by the designer of 3,064 kRON;
- Modernization of administrative office building of CONPET SA no. 7 Independenței Blv., Ploiești, inventory no. 110410, with a value estimated by the designer of 5.325 kRON;
- Heating system modernization - Călăreți crude oil automated station, with a value estimated by the designer of 621 kRON.
- Replacement of two pipeline sections Ø 6 $\frac{5}{8}$ " Urziceni - Claviatura Albești Paleologu, section valve Jilavele-Borna 1, 1900 m in length and Borna 2 - valve road Armășești, 400 m" length, with a value estimated by the designer of 1,215 kRON;
- Modernization of the oil pumping system from the pumping station Moreni Dambovița county with a value estimated by the designer of 10,919 kRON;
- Replacement of the 14 inch Bărăganu-Călăreți crude oil pipeline resulted following the smart pigging (on sections) with a lenght of 15,972 m with a repair coefficient estimated higher than 0,8", with a value estimated by the designer of 15,657 kRON;
- Replacement of the Ø 10 $\frac{3}{4}$ " Icoana - Cartojani crude oil pipeline in lenght of 4000 m in the Bucov forest area, Râca locality, Arges county in lenght of 1500 m in the Plescara forest area, Mirosi locality, with a value estimated by the designer of 3,975 thousand RON.
- Rehabilitation of buildings in Baicoi station, with a value estimated by the designer of 456 kRON;
- Protect of crude oil pipelines Ø12 "and Ø14" Cartojani, trail located between rail lines Triaj Brazi and Ghighiului street, Ploiești, on a total length of 110 m ", with a value estimated by the designer of 3,976 thousand RON;
- Replacement of crude oil pipeline 24" Călăreți- Pietroșani, 7 sections, in total length of 5, 920 linear m, with a value estimated by the designer of 11,853 thousand RON;

- Commissioning of safe over crossing of the river Argeș with Ø12 ¾" and Ø14 ¾" pipelines Cartojani Ploiești, Găiseni locality, Giurgiu county, with a value estimated by the designer of 1,596 thousand RON;
- Electricity supply - Power Bonus - "Administrative Building 2 CONPET SA", works made at the expense of the user and connection fee, with a value estimated by the designer of 805 kRON;
- Replacement of crude oil transport pipeline Ø 6 5/8" Biled - Satchinez Line 1, in the precinct of Biled loading ramp, from the smart pigging station up to the exterior limit of the ramp site, towards Satchinez"warehouse, with a value estimated by the designer of 171 kRON;
- Safe disposal works of the over crossing of Prahova river with crude oil transport pipelines Ø12 3/4" and Ø14 3/4" Cartojani-Ploiești, Stejaru village, Brazi commune, Prahova county - Phase II - Final Stage Complex Project", with a value estimated by the designer of 6,231 thousand RON;
- Solution study and design regarding the layout of a connection pipeline between Pietroșani and Petrobrazi refinery, with a value estimated by the designer of 11,843 kRON;
- Replacements works of a section in approx 500 m length, crude oil transport pipeline Ø5 9/16" Copăceni-Vega Ploiești and pigging stations, with a value estimated by the designer of 835 kRON;
- New crude oil tank (V 2500 m3) crude oil loading ramp Biled, Timis county with a value estimated by the designer of 4,619 thousand RON.

Significant investment objectives completed in 2019

- Replacement of the Ø 14 " C2 – C3 crude oil pipeline, on 8 sections in Balta Ialomiței area, Ialomița County on a length of approximately 4037m;
- Smart pigging, inspection of Ø 28" Constanța – Bărăganu pipeline state;
- Safety disposal works for Argeș river over crossing, Rătești area, Argeș County;
- Safe disposal works for the over crossing of Prahova river with the 12 3/4" and 14 3/4" pipelines Cartojani-Ploiești, Stejaru village, Brazi commune, Prahova County;
- Modernization and monitoring of the cathodic protection system related to the National Transport System (Ro. SNT) domestic and import;
- Pilot system for detecting and locating leaks of product from the major pipelines system of crude oil transport Poiana Lacului - Siliște– Ploiești;
- Rehabilitation of tank 9 Cartojani;
- Thermal power plant for technological steam production used in the warehouse and Bărbătești ramp;
- Rehabilitation of concrete platform Constanța Sud headquarters.

Significant investment objectives in progress on 31.12.2019

- Replacement of Ø10 3/4" F1 + F2 crude oil pipeline Siliștea Ploiești, L= 2 x 3481m, in the areas Ilfoveni-Padure Iuda, Racovița valley way, Hăbeni-Comișani, Mija;
- Replacement of the 14 inch crude oil pipeline Bărăganu-Călăreți resulted following the smart pigging (on sections) on a length of 15972 m, with a repair coefficient estimated over 0,8;
- Replacement of crude oil pipeline Ø 24" Călăreți – Pietroșani (7 sections) in total length of 5.9 km;
- Safe disposal works for the over crossing of Prahova river with the 12 3/4" and 14 3/4" pipelines Cartojani-Ploiești, Stejaru village, Brazi commune, Prahova - final stage, complex project.
- Crude oil tank R3 Călăreți station;
- Cyber Security within the telecommunication system for similar SCADA channels (UPS monitoring, Climate control etc.);

- Modernization of Berca ramp;
- Optimization of SCADA system and Hardware and Software of the remotes transmission units (RTU).

Commissioning achieved within the first six months of 2019 amounted to 80,103 thousand RON, out of which, per financing sources:

- 70,468 thousand RON out of the modernization quota;
- 9,635 thousand RON out of other own sources;

4.2.4. Development projects

The main investment projects started in the previous years which still continue in 2019 are the followings:

➤ **Leak Detection and Location System**

In implementing the NTS modernization project, carried out between 1993-2007, co-financed by the World Bank, project that aimed mainly rehabilitation and modernization it was identified the need and opportunity of achieving a system for detecting and locating leaks in pipes.

In this context, in 2012, it was performed a feasibility study on the installation of a pipeline leak detection and leak location system.

The study included a comparative analysis of the systems of this kind existing on global level, revealing the fact that, for CONPET is necessary a system made up of two detection methods, namely the detection method based on the analysis of the pressure waves, relevant particularly for high debit product losses and the detection method based on the mathematical shaping of the pipeline profile, relevant for low debit losses.

Since the project concerns the entire national pipeline system and has a high degree of complexity and a need for significant funding, it is important to monitor post-deployment, to compare the benefits measurable with the initial assumptions. The proposal of implementation of the project is to be carried out in two stages, namely, in first stage to implement a pilot project on the pipelines subsystem Poiana Lacului-Siliște-Ploiești to track the post-implementation advantages, compared to the initially estimated ones, as well as to monitor maintenance costs. The second phase is to install the system on the rest of the operational pipelines of NTS.

In August 2017 was signed the contract for the implementation of a pilot system on the pipelines subsystem Poiana Lacului-Siliște-Ploiești, with a value of 4,2 mRON and an implementation duration of 21.5 months from the location hand-over (18.09.2017).

During 2019 operations of installation and calibration tests were completed and commissioning was conducted.

➤ **Optimizing the SCADA system and hardware and software upgrade for the Remote Transmission Unit (RTU)**

SCADA and Automation system initially implemented in 2002 has a life expectancy of 15 years. Close to the expiry of the life span, it was made an analysis of the technical system and found that it is necessary both to change data transmission, automation and optimization equipments, as well as SCADA system optimization by updating all their documents, review and implementation of a database of "Historian". Thus, the changes to be made to the SCADA system will lead to: increase

safety in the operating system, providing analysis and automatic reporting and centralized, efficient tracking and archiving of process parameters for all locations unmonitored until now.

In September 2017, it was signed a projection and execution contract, with a value of 16.9 mRON and a fulfilment term of 3 years and 6 months from the date of signing. The execution of the contract comprises the following stages:

Stage I – Technical project and execution details – within 9 months as of the contract signing date, which consists of:

- drafting of the automation documentation and achievement of an analysis study and optimization of the automation;
- drafting of the technical documentation that has to comprise: specific documents on each location, design specification for Automation and SCADA System, Installation and Operation Manual.

Stage II – Personnel training, procurement, configuration/testing in the factories, site installation and testing of the first 2 stations – within 5 months as of the date of approval of the technical documentation in the Technical and Economic Committee (Rom.CTE).

Stage III - Procurement, configuration/testing in the factory, installation and site testing in 9 stations – within 8 months from the completion of stage II.

Stage IV – Procurement, configuration/testing in the factory, installation and site testing in 9 stations – within 8 months as of the completion of stage III.

Stage V - Procurement, configuration/testing in the factory, installation and site testing in 9 stations – within 8 months as of the completion of stage IV.

Stage VI – commissioning of the entire system – within 4 months as of the completion of stage V.

Stage VII – Operational acceptance – in 6 months from the date of completion without objections of the reception protocol on commissioning.

In 2019 stage IV of the contract was finalized.

4.2.5 Litigations and other aspects on the company's tangible assets

During 2019 CONPET SA was involved in a total of 149 litigations. Among them, 87 litigations were solved finally and irrevocably. None of the litigations pending resolution present risks related to the stability and continuity of the company's business.

a) Disputes concerning the ownership of the tangible assets of the company

During 2019 Conpet SA was involved in one lawsuit for claiming ownership of some buildings which is pending, as follows:

File no. 2782/229/2018 - Fetești Court - in the course of settlement

Parties: CONPET S.A.– plaintiff

Zacon Trandafir - respondent

Object: Conpet SA filed a petition for trial against Zacon Trandafir asking the court, on the basis of the evidence to be administered, to rule the following:

- the finding and declaration of the absolute nullity of the Sale and Purchase Contract no. 1047/03.02.1999, concluded between Conpet SA, as seller and Zacon Trandafir as buyer;
- the obligation of the respondent to pay the trial costs.

In subsidiary, it is requested that the respondent Zacon Trandafir pay the value of the building at the fair market value established based on a judicial technical expertise.

Procedural status: First court on merits

Next court date: 26.03.2020

b). Disputes related to the structure of the share capital of CONPET

Case File no. 5212/105/2018 –Prahova Tribunal

Trial stage: First court on merits

Fondul Proprietatea SA files a request of claim asking the court:

1. The obligation of Conpet to pay the amount of 734,747.04 RON, representing the net value of the dividends related to a share of 6% of the share capital of Conpet, respectively for a number of 524,366 shares held by the claimant on the date of registration of Conpet OGMS, namely 25.04.2007 (i.e. 14.05.2007), related to the financial year 2006.
2. The obligation of Conpet to pay compensatory damages, namely the legal interest related to the dividends from maturity due date requested in point 1 and until the date of the introduction of the petition for trial (i.e. 09.11.2018), in amount of 579,015.97 RON.
3. The obligation of Conpet to pay the legal interest related to the net value of the dividends, subsequently, from the date of the petition for trial and until the actual payment of the requested amounts
4. The obligation of Conpet to pay the trial costs incurred by the present dispute.

Clarifications: Conpet S.A. filed a Call for Romanian State Guarantee through the Ministry of Finance and A.A.A.S.

By the Conclusion of 25.06.2019 the Prahova Tribunal rejects as inadmissible the request for guarantee call of the Authority for the Administration of State Assets, formulated by the respondent Conpet S.A. and admits in principle the request for guarantee call of the Romanian State through the Ministry of Public Finances, formulated by the respondent Conpet S.A. It also dismissed as unfounded the plea of lack of quality of the Romanian state through the Ministry of Finance.

Against the conclusion of 25.06.2019, Conpet and the Romanian State through the Ministry of Public Finances filed an appeal, case registered by the Ploiești Appellate Court as the case file no. 5212/105/2018/a2. For the resolution of the two appeals by the Appellate Court Ploiești, the Prahova Tribunal, by Conclusion dated 20.09.2019 suspended the trial of the case on merits until the resolution of the appeals introduced against the judgment pronounced on 25.06.2019.

By Decision no. 515/05.11.2019 ruled in the case file no. 5212/105/2018 / a2, the Ploiești Appellate Court admits the exception of the inadmissibility of the appeal declared by the Romanian State through the Ministry of Public Finances. The court rejects this appeal as inadmissible. The court rejects the exception of the lack of interest and the exception of the inadmissibility of the appeal declared by Conpet SA invoked by Fondul Proprietatea. Rejects Conpet appeal as unfounded. Final.

Compared to the solution ruled by the Ploiești Appellate Court, that of rejecting the two appeals, the Prahova Tribunal reput the case file on the court docket in order to judge the merits of the case.

Court hearing: 04.05.2020

c) Litigations where the company's administrators/members of the executive management were involved, in the last 5 years

In the last 5 years, the company had no litigation or administrative proceedings in which the company's directors and members of the executive management in office in 2019 have been involved.

Other aspects on the company's tangible assets

State of the lands not included in the share capital

The tangible assets of the company include land area of 733,648 sqm and fair value of 22,584,099 RON, held under certification of ownership (709,949 sqm) and purchased by contracts of sale (23,699 sqm).

The lands held by the Company are located in Ploiești, at the company's administrative offices and in the 24 counties covered by the transport pipelines or where are being located the crude oil tanks loading ramps.

The operation of share capital augmentation was carried out only for a part of the land held under certification of ownership (155,411 sqm), for the remaining area of 554,538 square meters, included in 48 certificates of ownership, the share capital of the company was not augmented by the value of these lands. The Land Ownership Certificates for these lands not included in the share capital, have been obtained during 2001-2005, and the appraised value at the date of obtaining the certificates, set in compliance with GD no. 834/1991, is of 26,708,233 RON. These lands have been registered in the company patrimony on the expense of other equity reserves.

The fair value of these lands on 31.12.2019 is 12,348,115 RON.

In 2013, the Court of Accounts performed an audit of the status of the public patrimony; subsequently, disposed, under Decision 28/2013, the augmentation of CONPET share capital by the value of the lands for which have been obtained land ownership certificates, measure that was not fulfilled within the initial deadline (30.09.2014) and which was initially extended more than once, up to 30.06.2015, 31.08.2016 and 31.03.2018. Pursuant to decision no. 2090/651/2013 dated 05.06.2018, Prahova Chamber of Accounts granted a new deadline for the achievement of the measures unfulfilled by CONPET, respectively 30.06.2019.

Regarding this measure, the proposal to augment the share capital by the value of these land plots was included in the Agenda of the General Meeting of Shareholders dated 19.05.2016, 20.05.2016 and 05.07.2016.

In first call (19.05.2016) and in second call (20.05.2016), the proposal to augment the share capital was not submitted to debate, as the quorum for holding this meeting was below the minimum level stipulated by the legislation in force.

During the Extraordinary General Meeting of Shareholders dated 05.07.2016, the proposal to augment the share capital was debated and, following the voting, the augmentation of the share capital was not approved due to the failure to meet the majority necessary to make such a decision.

Subsequently, there have been undertaken all necessary steps for the augmentation of the share capital, on 26.03.2019, the EGMS has approved the initiation of the procedure for the augmentation of the share capital and the appointment by the Trade Register Office Prahova of an expert authorized to assess the lands brought as contribution to the share capital.

Based on the new appraisal report has been convened the EGMS, on 04.07.2019 in first call and 05.07.2019 in second call, with the Agenda - the Approval of the augmentation of the share capital by maximum value of 101,763,954.60 RON, representing contribution in kind (lands) in amount of 59,751,935.10 RON and cash amounting to maximum 42,012,019.50 RON, from the current value of 28,569,842.40 RON at the value of maximum 130,333,797 RON, by issuing a number of maximum 30,837,562 new shares, nominative, dematerialised, at a price of 3.3 RON/share, equal to the nominal value, without share premium.

In both EGMS meetings has not been met the attendance quorum provided by the law, needed for the augmentation of the share capital with contribution in kind.

During 8-9.08.2019 the Prahova Chamber of Accounts checked the fulfillment of the measure on the capital increase and issued on 02.09.2019 Decision no. 3026/651/2013 which extended the deadline for implementation of the measure until 31.03.2020.

State of the Real Estate Registration of lands and buildings belonging to CONPET

Land Tabulation Situation

By the reporting date there were completed and registered in the integrated cadastre and land register all land owned, namely the total area of 733,648 sqm.

The company has unused land areas, vacant since the abolition of some work sites. These lands have total area of 10,835.5 square meters and are associated to the work sites Frasin - Suceava county (1,241 sqm) and Frunzeasca - Galați county (9,594.5 square meters).

Building Tabulation Situation

The company has in patrimony a number of 296 constructions which are subject to building tax. Of these, 190 constructions are staggered and 106 are only subject to tax (campus modules, metal barracks, modules, well cabins, canopies, toilets, ramps, containers, cabins, SRM, tilting cab, metal towers, etc.)

From the total of 190 constructions which are subject to the tabulation, 170 were tabulated and for the remaining 20 the situation is as follows:

- 2 constructions have not taken steps to tabulation as:
 - the construction consisting in an apartment of 2 rooms in Fetești, Inventory no.110653, is in dispute before the Fetești Court (Legal File no. 2782/229/2018 - Term 26.03.2020);
 - The building from Vointa sports center building, inv. no. 110816 can not be tabulated because Conpet does not have a lease/concession contract for its related land, the land is privately owned by the Municipality of Ploiești.
- for the remaining 18 buildings to be tabulated a detailed analysis of each construction part is in progress, to solve problems in view of their tabulation.

4.3 Analysis of the financial activity

The annual financial statements of CONPET have been prepared, starting with the financial result of 2013, according to the International Financial Reporting Standards (IFRS).

4.3.1 Statement of the Financial Standing

| Indicator (thousand RON) | 2019 | 2018 | 2017 | Variation% | | | | |
|---------------------------------|----------------|----------------|----------------|---------------|---------------|--|--|--|
| | | | | 2019/2018 | 2018/2017 | | | |
| ASSETS | | | | | | | | |
| Non-current assets | | | | | | | | |
| Tangible assets | 463,636 | 430,599 | 407,275 | ▲ 7.7% | ▲ 5.7% | | | |
| Intangible assets | 6,340 | 2,844 | 1,463 | ▲ 122.9% | ▲ 94.4% | | | |
| Financial Assets | 811 | 861 | 974 | ▼ 5.8% | ▼ 11.6% | | | |
| Deferred corporate tax | 5,422 | 3,047 | 970 | ▲ 77.9% | ▲ 214.1% | | | |
| Total non-current assets | 476,209 | 437,351 | 410,682 | ▲ 8.9% | ▲ 6.5% | | | |
| Current assets | | | | | | | | |

| Indicator (thousand RON) | 2019 | 2018 | 2017 | Variation% | |
|---|----------------|----------------|----------------|----------------|----------------|
| | | | | 2019/2018 | 2018/2017 |
| Stocks | 8,170 | 9,168 | 9,024 | ▼ 10.9% | ▲ 1.6% |
| Trade receivables and other receivables | 42,249 | 43,156 | 46,753 | ▼ 2.1% | ▼ 7.7% |
| Short-term investments | 0 | 0 | 70,624 | - | - |
| Cash and cash equivalents | 238,577 | 259,682 | 209,847 | ▼ 8.1% | ▲ 23.8% |
| Accrued expenses | 1,862 | 1,771 | 1,843 | ▲ 5.1% | ▼ 3.9% |
| Total current assets | 290,858 | 313,777 | 338,091 | ▼ 7.3% | ▼ 7.2% |
| TOTAL ASSETS | 767,067 | 751,128 | 748,773 | ▲ 2.1% | ▲ 0.3% |
| SHAREHOLDER'S EQUITY AND LIABILITIES | | | | | |
| Equities | | | | | |
| Subscribed and paid-up share capital | 28,570 | 28,570 | 28,570 | - | - |
| Legal reserves | 5,714 | 5,714 | 5,714 | - | - |
| Revaluation reserves | 21,112 | 25,811 | 31,017 | ▼ 18.2% | ▼ 16.8% |
| Other reserves | 495,540 | 496,092 | 478,500 | ▼ 0.1% | ▲ 3.7% |
| Retained Earnings | 43,997 | 44,689 | 40,211 | ▼ 1.6% | ▲ 11.1% |
| Result of the period | 58,877 | 60,676 | 74,388 | ▼ 3.0% | ▼ 18.4% |
| Total shareholders' equities | 653,810 | 661,552 | 658,400 | ▼ 1.2% | ▲ 0.5% |
| Accrued income | | | | | |
| Investment Subsidies | 1,066 | 1,178 | 1,314 | ▼ 9.5% | ▼ 10.4% |
| Accrued income | 8 | 10 | 12 | ▼ 20.0% | ▼ 16.7% |
| Total deferred revenues | 1,074 | 1,188 | 1,326 | ▼ 9.6% | ▼ 10.4% |
| Long-term liabilities | | | | | |
| Long-term provisions | 16,269 | 14,760 | 12,818 | ▲ 10.2% | ▲ 15.2% |
| Long-term trade liabilities | - | 893 | - | - | - |
| Other long-term liabilities | 3,582 | - | - | - | - |
| Total long-term liabilities | 19,851 | 15,653 | 12,818 | ▲ 26.8% | ▲ 22.1% |
| Current liabilities | | | | | |
| Trade liabilities | 27,179 | 19,154 | 30,654 | ▲ 41.9% | ▼ 37.5% |
| Current income tax | 3,077 | 3,787 | 3,780 | ▼ 18.8% | ▲ 0.2% |
| Other liabilities | 38,838 | 36,699 | 32,264 | ▲ 5.8% | ▲ 13.8% |
| Short-term provisions | 23,238 | 13,095 | 9,531 | ▲ 77.5% | ▲ 37.4% |
| Total current liabilities | 92,332 | 72,735 | 76,229 | ▲ 26.9% | ▼ 4.6% |
| Total liabilities | 112,183 | 88,388 | 89,047 | ▲ 26.9% | ▼ 0.7% |
| Total equity and liabilities | 767,067 | 751,128 | 748,773 | ▲ 2.1% | ▲ 0.3% |

Table 18-Company's Statement of the financial standing during 2017-2019

The total assets of the company increased by 2.1% (15,939 thousand RON) as compared to the level recorded at December 31st, 2018 following the increase of the fixed assets.

The tangible assets recorded an 8.9% increase, as compared to December 31, 2018, mainly generated by input of fixed assets in a value higher than the value of the amortization registered in 2019.

Fixed assets entrants are investments made for the development and modernization of the National Transport System and ensuring the realization of safely transport operations.

The current assets decreased by 7.3% (22,919 thousand RON), from 313,777 thousand RON at 31.12.2018 to 290,858 thousand RON at 31.12.2019, due to the decrease in outstanding cash at 31.12.2019.

This decrease was due to cash outflows for the payment of additional dividends distributed from retained earnings and reserves-own financing sources and to cover price increases in goods and services supply for operating and salary increases.

The equity capital registered a decrease of 1.2% (7,742 thousand RON) as compared to December 31st, 2018 reaching 653,810 thousand RON.

Long-term liabilities record an increase of 4,198 thousand RON as compared to December 31st, 2018, due to the increase in leasing debt and the provisions for employee benefits.

Current liabilities, in amount of 92,332 thousand RON, are increasing by 19,597 thousand RON as compared to December 31st, 2018, mainly due to the increase of the trade liabilities and short-term provisions.

4.3.2. The global result

The evolution of the main financial indicators of the profit and loss account, during 2017-2019, is presented below:

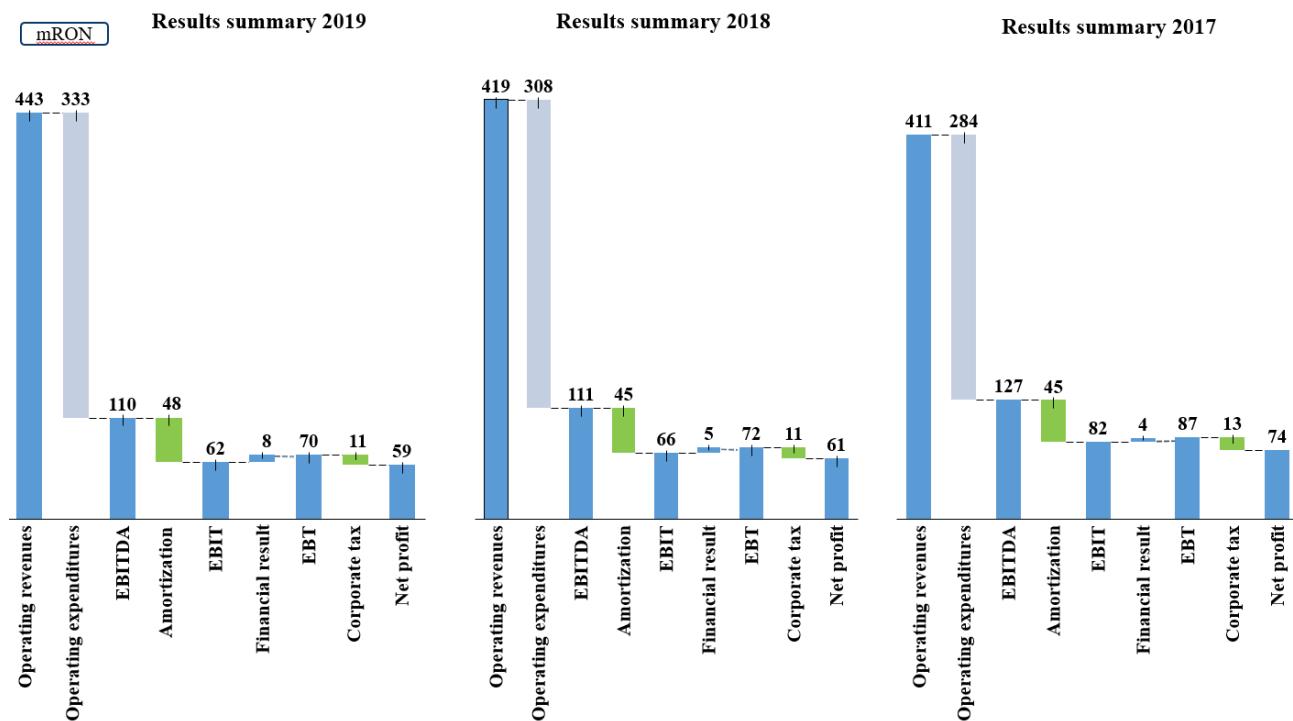
| Indicator (thousand RON) | 2019 | 2018 | 2017 | Variation% | |
|--|----------------|----------------|----------------|----------------|----------------|
| | | | | 2019/2018 | 2018/2017 |
| Turnover revenues | 407,822 | 385,140 | 376,685 | ▲ 5.9% | ▲ 2.2% |
| Other revenues | 35,181 | 33,507 | 33,548 | ▲ 5.0% | ▼ 0.1% |
| Gain from disposal of assets | 0 | 64 | 945 | - | ▼ 93.2% |
| Total operating revenues | 443,003 | 418,711 | 411,178 | ▲ 5.8% | ▲ 1.8% |
| Expenditure on stocks | 7,605 | 7,012 | 7,079 | ▲ 8.5% | ▼ 0.9% |
| Expenses with energy and water | 13,089 | 11,163 | 9,535 | ▲ 17.2% | ▲ 17.1% |
| Personnel Expenses | 159,901 | 140,266 | 112,053 | ▲ 14.0% | ▲ 25.2% |
| Value adjustments on fixed intangible, tangible assets | 48,261 | 44,502 | 44,474 | ▲ 8.5% | ▲ 0.1% |
| Value adjustments on the current assets | (717) | 1,266 | (1,234) | - | - |
| Expenses related to external services | 107,103 | 99,058 | 99,196 | ▲ 8.1% | ▼ 0.1% |
| Other expenses | 34,920 | 44,931 | 55,468 | ▼ 22.3% | ▼ 19.0% |
| Impairments related to provisions | 10,480 | 4,273 | 1,517 | ▲ 145.3% | - |
| Loss from disposal of assets | 213 | - | - | - | - |
| Total operating expenses | 380,855 | 352,471 | 328,088 | ▲ 8.1% | ▲ 7.4% |
| Operating profit | 62,148 | 66,240 | 83,090 | ▼ 6.2% | ▼ 20.3% |
| Financial revenues | 7,874 | 5,462 | 3,614 | ▲ 44.2% | ▲ 51.1% |
| Financial expenses | 318 | 11 | 45 | ▲ 2.791% | ▼ 75.6% |
| Financial profit | 7,556 | 5,451 | 3,569 | ▲ 38.5% | ▲ 52.7% |
| Profit before taxation | 69,704 | 71,691 | 86,659 | ▼ 2.8% | ▼ 17.3% |
| Expenses with current corporate tax | 12,959 | 12,760 | 14,271 | ▲ 1.6% | ▼ 10.6% |
| Expenses with (revenues from) deferred income tax | (2,132) | (1,745) | (2,000) | - | - |
| Profit of the period | 58,877 | 60,676 | 74,388 | ▼ 3.0% | ▼ 18.4% |

| Indicator (thousand RON) | 2019 | 2018 | 2017 | Variation% | |
|---|---------------|----------------|----------------|---------------|----------------|
| | | | | 2019/2018 | 2018/2017 |
| Actuarial loss from discounted benefits granted upon retirement | (984) | (1,036) | (4,928) | - | - |
| Gain/(Loss) from reevaluation | (13) | - | 1,375 | - | - |
| Total other global result elements | (997) | (1,036) | (3,553) | - | - |
| TOTAL GLOBAL RESULT OF THE YEAR | 57,880 | 59,640 | 70,835 | ▼ 3.0% | ▼ 15.8% |
| Result per share | 6.80 | 7.01 | 8.59 | ▼ 3.0% | ▼ 18.4% |

Table 19 - Statement of the Global Result

The synthesis of the results, in evolution 2017-2019, is as follows:

Chart 20 - Synthesis of the financial results during 2017-2019



Operating Revenues

As compared to the approved budget and the previous period, the total revenues of the operating activity in 2019 is as follows:

| Achieved 2019 | REB 2019 | Variation % 2019/ Revenue s and Expenditure Budget (REB) | Indicators | 2019 | 2018 | 2017 | Variation | |
|---------------|----------|--|---|---------|---------|---------|--------------|--------------|
| | | | | | | | % 2019/ 2018 | % 2018/ 2017 |
| | | | Revenues from transport services Domestic Subsystem | | | | | |
| 3,487 | 3,430 | ▲ 1.7% | thousand tons | 3,487 | 3,493 | 3,551 | ▼ 0.2% | ▼ 1.6% |
| 295,632 | 290,918 | ▲ 1.6% | thousand RON | 295,632 | 290,159 | 284,890 | ▲ 1.9% | ▲ 1.9% |

| Achieved 2019 | REB 2019 | Variation % 2019/ Revenue s and Expenditure Budget (REB) | Indicators | 2019 | 2018 | 2017 | Variation | |
|---------------|----------|--|--|---------|---------|---------|--------------|--------------|
| | | | | | | | % 2019/ 2018 | % 2018/ 2017 |
| | | | Revenues from transport services Import Subsystem | | | | | |
| 3,637 | 3,064 | ▲18.7% | thousand tons | 3,637 | 3,362 | 3,269 | ▲ 8.2% | ▲ 2.8% |
| 106,385 | 90,723 | ▲17.3% | thousand RON | 106,385 | 90,420 | 87,466 | ▲17.7% | ▲ 3.4% |
| | | | Total revenues from transport services | | | | | |
| 7,124 | 6,494 | ▲ 9.7% | thousand tons | 7,124 | 6,855 | 6,820 | ▲ 3.9% | ▲ 0.5% |
| 402,017 | 381,641 | ▲ 5.3% | thousand RON | 402,017 | 380,579 | 372,356 | ▲ 5.6% | ▲ 2.2% |
| 1,593 | 1,434 | ▲11.1% | Revenues from rents | 1,593 | 1,483 | 1,399 | ▲ 7.4% | ▲ 6.0% |
| 4,212 | 2,182 | ▲93.0% | Other revenues | 4,212 | 3,078 | 2,930 | ▲36.8% | ▲ 5.1% |
| 407,822 | 385,257 | ▲ 5.9% | Turnover | 407,822 | 385,140 | 376,685 | ▲ 5.9% | ▲ 2.2% |
| 32,098 | 30,886 | ▲3.9% | Write-back to revenues of the reserve constituted based on the expenses with the modernization quota | 32,098 | 28,826 | 29,813 | ▲11.4% | ▼ 3.3% |
| 0 | 1,187 | - | Gain from disposal of assets | 0 | 64 | 945 | - | ▼ 93.2% |
| 3,083 | 1,744 | ▲76.8% | Other revenues | 3,083 | 4,681 | 3,735 | ▼ 34.1% | ▲ 25.3% |
| 35,181 | 33,817 | ▲4.0% | Other operating revenues | 35,181 | 33,571 | 34,493 | ▲ 4.8% | ▼ 2.7% |
| 443,003 | 419,074 | ▲5.7% | Total operating revenues | 443,003 | 418,711 | 411,178 | ▲ 5.8% | ▲ 1.8% |

Table 20 - Operating income statement year 2019 compared to Budget and the period between 2017-2018

The transport revenues hold a share of 98.58% in turnover, the difference of 1.42% (5,805 thousand RON) representing revenues from various activities such as: leases of lands and telecommunication equipments, rail shunting, sale of pipe material, etc.

The revenues achieved on subsystem transport in 2019, compared to the budget and the year 2018 are as follows:

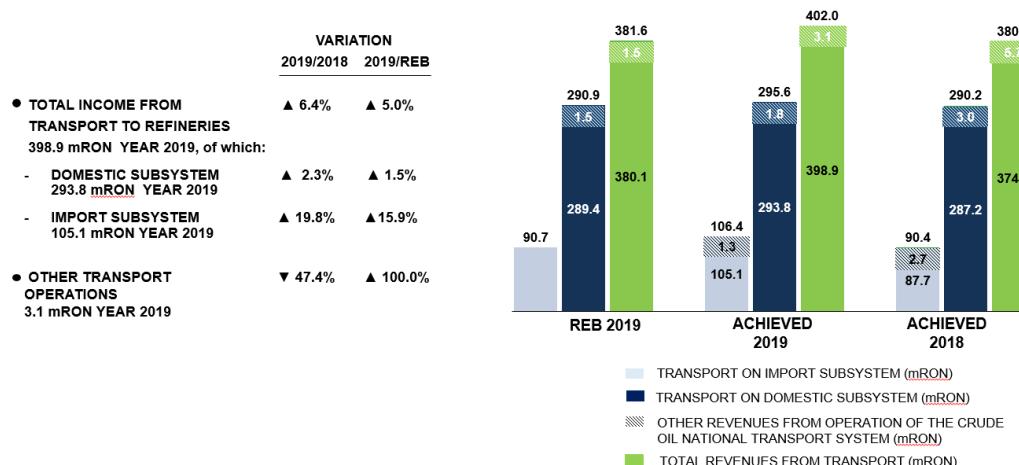


Chart 21

Revenues achieved from subsystems transport

The operating revenues increased by 5.7% as compared to the budgetary provisions, being driven mainly by increased revenues from transport by 5.3% (20.4 million RON).

The increase of transport revenues was achieved from transport of 630 thousand tons in addition to the contracted and budgeted quantity.

In the structure, on transport subsystems, the evolution of the revenues as compared to the Budget provisions is as follows:

- revenues increase by 1.6% from the transport on the domestic subsystem;
- revenues increase by 17.3% from the transport on the import subsystem;

In the operating revenues is recognized monthly also part from reserves - share modernization, at the level of the depreciation of tangible assets financed from this quota. In 2019, the value of these revenues is of 32,098 thousand RON.

Operating Expenses

Operating expenses achieved in 2019, as compared to the last 2 years and the budget provisions is as follows:

| 2019 | REB 2019 | Variation % 2019/ Revenue s and Expenditure Budget (REB) | Indicators (thousand RON) | 2019 | 2018 | 2017 | Variation | |
|---------|----------|--|---|---------|---------|---------|--------------|------------|
| | | | | | | | % 2019/ 2018 | 2018/ 2017 |
| 7,605 | 8,557 | ▼11.1% | Material expenses, out of which: | 7,605 | 7,012 | 7,079 | ▲ 8.5% | ▼ 0.9% |
| 4,023 | 4,418 | ▼ 8.9% | -expenses with consumables | 4,023 | 3,620 | 3,393 | ▲ 11.1% | ▲ 6.7% |
| 2,038 | 2,163 | ▼ 5.8% | - fuel expenses | 2,038 | 1,930 | 1,737 | ▲ 5.6% | ▲ 11.1% |
| 13,089 | 12,217 | ▲ 7.1% | Other external Expenses (with energy and water) | 13,089 | 11,163 | 9,535 | ▲ 17.2% | ▲ 17.1% |
| 159,901 | 161,450 | ▼ 1.0% | Personnel expenses, out of which: | 159,901 | 140,266 | 112,053 | ▲ 14.0% | ▲ 25.2% |
| 128,070 | 128,337 | ▼ 0.2% | - salaries expenses | 128,070 | 113,578 | 75,611 | ▲ 12.8% | ▲ 50.2% |
| 4,550 | 7,800 | ▼ 41.7% | - expenses related to insurances, social protection and other legal obligations | 4,550 | 4,511 | 21,754 | ▲ 0.9% | ▼ 79.3% |
| 27,281 | 25,313 | ▲ 7.8% | - other personnel expenses | 27,281 | 22,177 | 14,688 | ▲ 23.0% | ▲ 51.0% |
| 48,261 | 45,904 | ▲ 5.1% | Value adjustments on property | 48,261 | 44,502 | 44,474 | ▲ 8.5% | ▲ 0.1% |
| 107,103 | 107,035 | ▲ 0.1% | Expenses with external services, out of which: | 107,103 | 99,058 | 99,196 | ▲ 8.1% | ▼ 0.1% |
| 2,541 | 3,200 | ▼20.6% | -Maintenance | 2,541 | 1,921 | 1,456 | ▲ 32.3% | ▲ 31.9% |

| | | | | | | | | |
|----------------|----------------|---------------|--|----------------|----------------|----------------|---------------|---------------|
| | | | (maintenance, current and capital repairs) | | | | | |
| 60,907 | 56,184 | ▲ 8.4% | - expenses with crude oil transport by rail | 60,907 | 54,440 | 56,389 | ▲ 11.9% | ▼ 3.5% |
| 659 | 1,520 | ▼ 56.6% | - expenses with decontamination works | 659 | 440 | 410 | ▲ 49.8% | ▲ 7.3% |
| 31,308 | 30,277 | ▲ 3.4% | - oil royalty | 31,308 | 29,560 | 28,637 | ▲ 5.9% | ▲ 3.2% |
| 11,688 | 15,854 | ▼ 26.3% | - other services performed by third parties | 11,688 | 12,697 | 12,304 | ▼ 8.0% | ▲ 3.2% |
| (717) | 300 | - | Value adjustments on the current assets | (717) | 1,265 | (1,234) | - | - |
| 10,480 | 2,790 | ▲ 275.6% | <i>Impairments related to provisions</i> | 10,480 | 4,273 | 1,517 | ▲ 145.3% | ▲ 181.7% |
| 213 | 0 | - | <i>Loss from disposal of assets</i> | 213 | - | - | - | - |
| 34,920 | 33,257 | ▲ 5.0% | <i>Other operating expenses, out of which:</i> | 34,920 | 44,932 | 55,468 | ▼ 22.3% | ▼ 19.0% |
| 31,080 | 29,328 | ▲ 6.0% | - modernization quota expenses | 31,080 | 41,825 | 52,191 | ▼ 25.7% | ▼ 19.9% |
| 380,855 | 371,510 | ▲ 2.5% | Total operating expenses | 380,855 | 352,471 | 328,088 | ▲ 8.1% | ▲ 7.4% |

Table 21 - Operating income statement year 2019 compared to the Budget and as compared to the period between 2017-2019

The operating expenses achieved in 2019 increased by 8.1% YoY, from 352,471 thousand RON to 380,855 thousand RON and are 2.5% higher than the Budget (371,510 thousand RON).

The operating expenses records an increase by 8.1% YoY, mainly due to increased material, electricity, gas, railway transport services, as well as personnel costs.

As compared to Budget, in 2019 were recorded Expenditures below the budgeted level for the following categories of expenses: (1,549 thousand RON) personnel expenses, (952 thousand RON) material expenses, (659 thousand RON) maintenance expenses, (861 thousand RON) expenses related to environmental works.

The operating costs triggered by the operation of the two transport subsystems (domestic and import) in 2019 were 6.3% higher than in 2018. The cost per transported ton incurred in 2019, as compared to 2018, has increased by 2.3% (from 46.29 RON/ton 2018 to 47.33 RON/ton in 2019).

In structure, the cost/ton evolution is different, as follows:

- the domestic subsystem incurs in 2019 a cost/ton higher by 5.81%, from 72.86 RON/ton to 77.09 RON/ton, generated, mainly by the decrease of the transported volumes by 5 thousand tons but also by the increase of the operational costs;
- the domestic subsystem incurs an increase of cost/ton by 0.7%, from 18.68 RON/ton to 18.81 RON/ton, generated, by the increase of the operational costs;

The profitability of the transport subsystems is as follows:

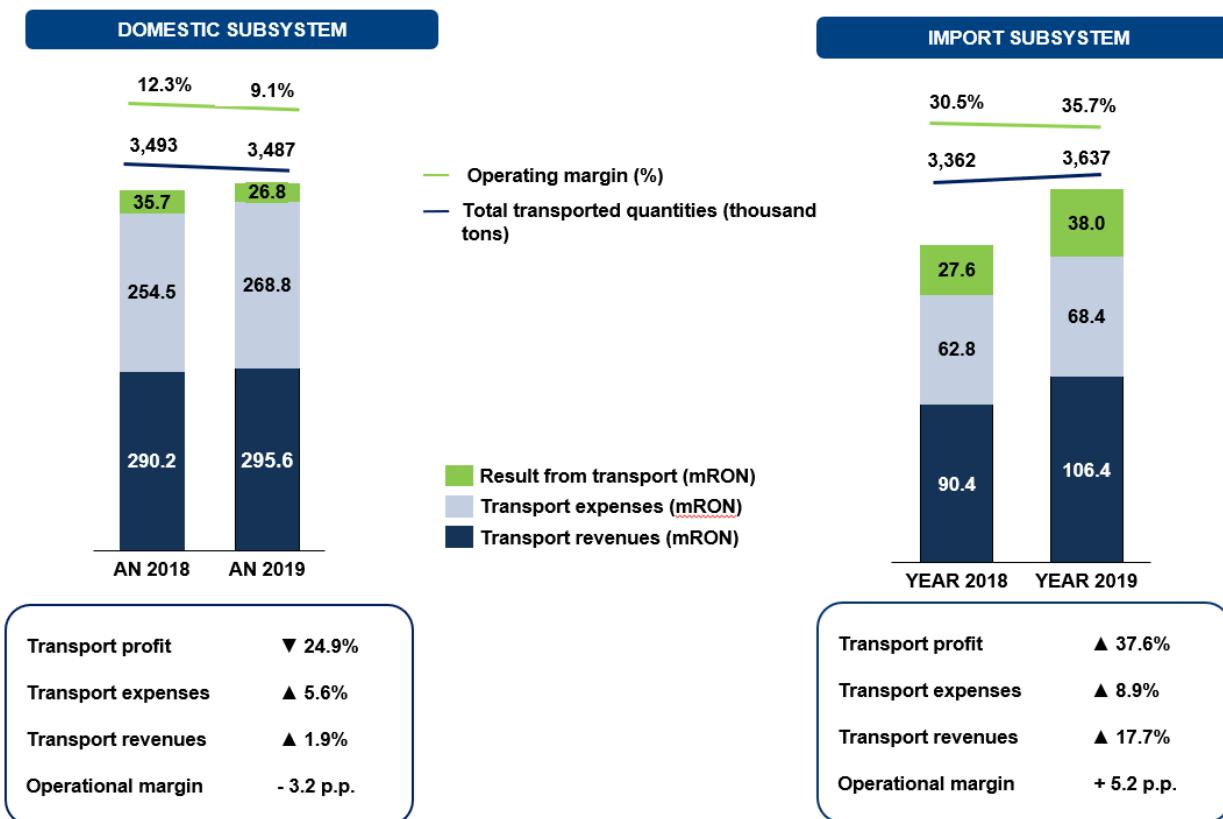


Chart 22 - Profitability of the transport subsystems

The **operating profit** achieved in 2019, of 62,148 thousand RON, decreased by 4,092 thousand RON (6.2%), as compared to 2018, mainly due to the increase of the personnel expenses.

As compared to the budget provisions, the operating revenues increased by 30.7%.

Financial Result

| Indicator (thousand RON) | 2019 | 2018 | 2017 | Variation | |
|--|--------------|--------------|--------------|-----------------|----------------|
| | | | | 2019/2018 | 2018/2017 |
| Revenues from interests | 7,854 | 4,853 | 2,634 | ▲ 61.8% | ▲ 84.3% |
| Revenues from operations with securities and other financial instruments | 7 | 609 | 947 | ▼ 98.9% | ▼ 35.7% |
| Other financial revenues | 13 | 0 | 33 | - | - |
| Total financial revenues | 7,874 | 5,462 | 3,614 | ▲ 44.2% | ▲ 51.1% |
| Total financial expenses | 318 | 11 | 45 | ▲ 2.791% | ▼ 75.6% |
| Financial Result | 7,556 | 5,451 | 3,569 | ▲ 38.6% | ▲ 52.7% |

Chart 22 - Financial results during 2017-2019

The financial revenues have increased by 44.2% in 2019 as compared to 2018 and the financial expenditures increased by 307 thousand RON in the current year YoY, due to the expenses arises from the leasing contract. Based on this evolution the net financial result has increased by 38.6 % in 2019, as compared to 2018 (from 5,451 kRON to 7,556 kRON).

The company ended 2019 with a net profit amounting to 58,877 thousand RON, 15,074 thousand RON higher than budgeted.

4.3.3 Economic-financial Indicators

| Name of the indicator | Calculation formula | 2019 | 2018 | 2017 | Variation | |
|---|--|-----------|-----------|--------|-----------|----------|
| | | 2019/2018 | 2018/2017 | | | |
| PROFITABILITY INDICATORS | | | | | | |
| Gross sales margin | EBIT (operating profit) | 15.2% | 17.2% | 22.1% | ▼2.1 pp | ▼4.9 pp |
| | Turnover | | | | | |
| Margin operating profit | EBIT (operating profit) | 14.0% | 15.8% | 20.2% | ▼1.8 pp | ▼4.4 pp |
| | Operating Revenues | | | | | |
| EBIDTA in total sales | EBIDTA (operating profit + value adjustments on tangible, intangible and assets) | 27.1% | 28.8% | 33.9% | ▼ 1.7 pp | ▼ 5.1 pp |
| | Turnover | | | | | |
| EBIDTA adjusted in total sales | Adjusted EBITDA | 26.8% | 32.1% | 39.8% | ▼ 5.3 pp | ▼ 7.7 pp |
| | Turnover | | | | | |
| EBIDTA in equity | EBITDA | 16.9% | 16.7% | 19.4% | ▼ 0.2% | ▼ 2.7 pp |
| | Total Equities | | | | | |
| EBIDTA adjusted in equity | Adjusted EBITDA | 16.7% | 18.7% | 22.8% | ▼ 2.0 pp | ▼ 4.1 pp |
| | Total Equities | | | | | |
| Gross Profit Margin | Gross result (+/-) | 17.1% | 18.6% | 23.0% | ▼ 1.5 pp | ▼ 4.4 pp |
| | Turnover | | | | | |
| LIQUIDITY INDICATORS | | | | | | |
| Current liquidity indicator(times) | Current assets | 3.15 | 4.31 | 4.44 | ▼ 26.9% | ▼ 2.9% |
| | Current liabilities | | | | | |
| The quick ratio indicator (acid test) | Current assets - Stocks | 3.06 | 4.19 | 4.32 | ▼ 27.0% | ▼ 3.0% |
| | Current liabilities | | | | | |
| PROFITABILITY INDICATORS | | | | | | |
| Rate of economic return (RER) | Net result x100 | 7.7% | 8.1% | 9.9% | ▼ 4.4 pp | ▼ 1.8 pp |
| | TOTAL ASSETS | | | | | |
| Rate of financial return (RFR) | Net result x100 | 9.0% | 9.2% | 11.3% | ▼ 0.2% | ▼ 2.1 pp |
| | Total Equities | | | | | |
| Rate of commercial return (RCR) | Net result x100 | 14.4% | 15.8% | 19.7% | ▼ 1.4pp | ▼ 3.9 pp |
| | Turnover | | | | | |
| Inventories turnover speed (days) | Medium stock X360 | 421.28 | 478.88 | 456.60 | ▼12.0% | ▲ 4.9% |
| | Sales costs | | | | | |
| Duration of stocks rotation (times) | Sales costs | 0.87 | 0.76 | 0.80 | ▲14.5% | ▼5.0% |
| | Medium stock X360 | | | | | |
| Rotation speed of the clients debits (days) | Medium stock clients X360 | 29 | 28 | 29 | ▲3.6% | ▼3.5% |
| | Turnover | | | | | |
| Rotation duration of the clients debits (times) | Turnover | 12.37 | 12.94 | 12.74 | ▼4.4% | ▲1.6% |
| | Medium stock clients | | | | | |

| Name of the indicator | Calculation formula | 2019 | 2018 | 2017 | Variation | |
|--|--|-------|-------|-------|-----------|-----------|
| | | | | | 2019/2018 | 2018/2017 |
| Rotation speed of the suppliers debits (days) | Medium stock suppliers X360 | 28.00 | 27.18 | 29.53 | ▲ 3.0% | ▼ 8.0% |
| | Procurement from suppliers of goods and services | | | | | |
| Rotation speed of the suppliers debits (times) | Procurement from suppliers of goods and services | 12.86 | 13.24 | 12.19 | ▼ 2.9% | ▲ 8.7% |
| | Medium stock suppliers X360 | | | | | |
| RISK INDICATORS | | | | | | |
| Leverage degree indicator | Borrowed capital | 0.55 | 0 | 0 | - | - |
| | Total shareholders' equities | | | | | |

Table 23- Economic-Financial Indicators

4.3.4 Implementation of the revenues and expenditure budget for the year 2019

Implementation of the Budget in 2019 is presented in the format and structure of the Ministry of Finances Order no. 3145/2017.

| INDICATORS | | | Revenues and Expenditure Budget (REB) YEAR 2019 | Achieved year 2019 | % |
|------------|--|--|---|--------------------|---------------|
| I. | | TOTAL REVENUES (Row1=Row2+Row5+Row6) | 424,424 | 450,877 | 106.2% |
| 1 | Total operating revenues, of which: | | 419,074 | 443,003 | 105.7% |
| | 2 Financial revenues | | 5,350 | 7,874 | 147.2% |
| | 3 Extraordinary gains | | - | - | - |
| II | | TOTAL EXPENSES (Row7=Row8+Row20+Row21) | 371,600 | 381,173 | 102.6% |
| 1 | Operating expenses, out of which: | | 371,510 | 380,855 | 102.5% |
| | A. goods and Services Expenses | | 98,238 | 797,172 | 98.9% |
| | B. taxes, fees and similar levies related expenses | | 32,786 | 33,457 | 102.0% |
| | C. personnel expenses, out of which: | | 161,450 | 159,901 | 99.0% |
| | C0 | Salaries expenses (Rows 13+14) | 146,876 | 146,190 | 99.5% |
| | C1 | Salary expenses | 128,337 | 128,070 | 99.8% |
| | C2 | Bonuses | 18,539 | 18,120 | 97.7% |
| | C3 | Other personnel expenses, out of which: | 3,582 | 3,155 | 88.1% |
| | | Compensation costs related to staff cuts | 3,582 | 3,155 | 88.1% |
| | C4 | Expenses related to the Contract of Mandate and other management and control bodies,committees and commissions | 3,192 | 2,860 | 89.6% |
| | C5 | Expenses with contributions due by the Employer | 7,800 | 7,696 | 98.7% |
| | D. | Other operating expenses | 79,036 | 90,325 | 114.3% |
| 2 | Financial expenses | | 90 | 318 | 353.3% |
| 3 | Extraordinary expenses | | - | - | - |
| III | | GROSS RESULT (profit/loss) | 52,824 | 69,704 | 132.0% |
| IV | | INCOME TAX | 9,021 | 10,827 | 120.0% |
| V | | ACCOUNTING PROFIT REMAINING AFTER THE DEDUCTION OF THE INCOME TAX, out of which: | 43,803 | 58,877 | 134.4% |

| | | | INDICATORS | Revenues and Expenditure Budget (REB) YEAR 2019 | Achieved year 2019 | % |
|-------------|----|--|---|---|--------------------|--------------|
| VI | | | INVESTMENT FINANCING SOURCES, out of which: | 86,000 | 80,143 | 93.2% |
| | 1 | | Government grants | - | - | - |
| | | | budget allocations related to payments of the commitments from previous years | - | - | - |
| VII | | | INVESTMENT RELATED EXPENSES | 86,000 | 80,143 | 93.2% |
| VIII | | | SUBSTANTIATION DATA | - | - | - |
| | 1 | | Number of employees estimated at the end of the year | 1,599 | 1,599 | 100.0% |
| | 2 | | Total average number of employees | 1,612 | 1,587 | 98.4% |
| | 3 | | Average monthly earnings per employee (RON/employee) based on payroll expenses *) | 7,032 | 7,112 | 101.1% |
| | 4 | | Average monthly earnings per employee (RON/person) based on payroll expenses, recalculated as per the annual State Budget Law **) | 6,935 | 7,013 | 101.1% |
| | 5 | | Labor productivity in value units per total average number of employees (k RON/employee) (Row 2/Row 49) | 260 | 279 | 107.3% |
| | 6 | | Labor productivity in value units per total average number of personnel, recalculated as per the annual State Budget Law | 260 | 279 | 107.3% |
| | 7 | | Labor productivity in physical units per total average number of personnel, (finished goods quantity/person) | - | - | - |
| | 8 | | Total expenses per each 1000 RON of total revenues (Row 7/Row 1)x1000 | 876 | 845 | 96.5% |
| | 9 | | Overdue payables | 0 | 0 | - |
| | 10 | | Outstanding receivables | 288 | 50 | 17.4% |

Table 24- Implementation of the revenues and expenditure budget for the year 2019

4.3.5 Cash-flow

| Indicators (thousand RON) | 2019 | 2018 | 2017 | Variation | |
|---|---------------|---------------|---------------|----------------|---------------|
| | | | | 2019/2018 | 2018/2017 |
| Cash flows from operating expenses: | | | | | |
| + Proceeds from services supply | 451,818 | 415,157 | 397,530 | ▲ 8.8% | ▲ 4.4% |
| + Proceeds from interests related to banking placements | 7,956 | 4,332 | 2,584 | ▲ 83.7% | ▲ 67.7% |
| + Other proceeds | 6,615 | 4,618 | 7,458 | ▲ 43.2% | ▼ 38.1% |
| - Payments to the suppliers of goods and services | 119,161 | 111,031 | 107,780 | ▲ 7.3% | ▲ 3.0% |
| - Payments to and on behalf of the employees | 155,944 | 134,420 | 110,190 | ▲ 16.0% | ▲ 22.0% |
| - VAT Payments | 46,788 | 44,488 | 49,602 | ▲ 5.2% | ▼ 10.3% |
| - Expenses with corporate tax and specific tax | 13,666 | 12,736 | 16,186 | ▲ 7.3% | ▼ 21.4% |
| - Other payments regarding operating activities | 36,385 | 37,389 | 45,054 | ▼ 2.7% | ▼ 17.0% |
| A Net cash from operating activity | 94,445 | 84,043 | 78,760 | ▲ 12.4% | ▲ 6.7% |
| Net cash flows from investment activities: | | | | | |
| + Proceeds from sale of tangible assets | 38 | 450 | 4,000 | ▼ 91.6% | ▼ 88.8% |
| + Proceeds from modernization quota | 31,081 | 41,825 | 52,191 | ▼ 25.7% | ▼ 19.9% |

| Indicators (thousand RON) | 2019 | 2018 | 2017 | Variation | |
|--|-----------------|-----------------|------------------|----------------|----------------|
| | | | | 2019/2018 | 2018/2017 |
| + Proceeds from investments in government securities | - | 70,310 | 165,666 | - | ▼ 57.6% |
| + Proceeds from interests related to government securities | - | 917 | 1,798 | - | ▼ 49.0% |
| - Payments for purchase of tangible assets | 84,149 | 87,517 | 44,991 | ▼ 3.9% | ▲ 94.5% |
| - Payments for short-term financial investments | - | - | 74,087 | - | - |
| B Net cash from investment activities | (53,030) | 25,985 | 104,577 | - | ▼ 75.2% |
| Cash-flows from financing activities: | | | | | |
| + Proceeds of dividends transferred to Depozitarul Central | 2,787 | 9,479 | 2,710 | ▼ 70.6% | ▲ 249.8% |
| - Paid dividends | 65,173 | 69,672 | 220,798 | ▼ 6.5% | ▼ 68.4% |
| - Payments on the debt related to the financial leasing | 134 | - | - | - | - |
| C Net cash from financing activities | (62,520) | (60,193) | (218,088) | - | - |
| Net increase of the cash and cash equivalents | (21,105) | 49,835 | 34,751 | - | ▲ 43.4% |
| =A+B+C=D2-D1 | | | | | |
| D1 Cash and cash equivalents at the beginning of the period | 259,682 | 209,847 | 244,598 | ▲ 23.7% | ▼ 14.2% |
| D2 Cash and cash equivalents at the end of the period | 238,577 | 259,682 | 209,847 | ▼ 8.1% | ▲ 23.8% |
| to which is being added: | | | | | |
| Government securities as government bonds and treasury bills | - | 70,310 | - | - | - |
| Total availabilities at the end of the period | 238,577 | 259,682 | 280,157 | ▼ 8.1% | ▼ 7.3% |

Table 25 - Statement of cash flows in 2017 -2019

The cash at 31.12.2019 has decreased as compared to that existing at 31.12.2018 from 260 million RON down to 239 million RON.

The effects of the three activity areas (operation, investment and financing) over the cash in the 12 months period of 2019 reveal the followings:

- the operating activity triggered a cash-flow in amount of 94 mRON;
- the investments activity triggered a positive cash-flow in amount of 53 mRON;
- the financing activity decreased the total cash flow by approx. 63 mRON due to the cash outputs for the payment of dividends in amount of 65 mRON.

As compared to the previous year, the net cash flow generated from operating activities in 2019 exceeded the one of 2018 by 10 mRON due to increased revenues from transport or receipts from customers.

The cash from investment activities has registered a decrease in 2019 due to the significant decrease of cash inflows from the modernization quota.

The cash flow from financing activities registers negative values in 2019, up from the previous year due to dividend payments returned by Depozitarul Central, lower as compared to 2018. The total amount of dividends paid in 2019 was of 65 mRON and in 2018 the dividends paid amounted 70 mRON.

4.3.6. The internal control and the risks management systems in the financial reporting process

The internal control and the risks management systems in the financial reporting process have the following main objectives:

- Compliance with the financial-accounting legislation in force;
- Application of approved accounting policies and instructions drafted by the management with regards to the financial information;
- Ensuring the reliability of the financial information. The objective aims to ensure that accounting, financial and management information communicated or published are complete and accurately reflect the activity and situation of the entity;
- Prevention and detection of frauds and accounting and financial irregularities.

The fulfillment of these objectives is being supported by:

- Personnel with an adequate level of competence, in compliance with the company's needs and the existence of a continuous professional development plan to enable the upgrade of knowledge related to the accounting and fiscal legislation;
- Clear definition of the responsibilities related to each person involved in the financial reporting process, respectively the separation of attributes, so that the approval, audit and registration attributions be, in a fair measure, awarded to different persons (as per the company's organization chart).
- Internal procedures regarding the fair accounting treatment and proper authorization of the financial - accounting operations and settlement of an information circuit and the related audits thereof, to ensure the quick, fair and complete centralization of the financial information, as per the internal procedures manual;
- The financial system of preventive control;
- Identification of risks in relation to the financial reporting process, the assessment of the effectiveness and efficiency of application of internal procedures regarding the processes relevant to the financial reporting, by the internal audit department, and communication of the shortcomings identified to the Board of Administration;
- The accounting policies manual drafted as per the legislation in force, approved by the Board of Administration;
- The existence of a calendar and a well-defined process with regards to the elaboration of accounting and financial information compliant with the reporting requirements (financial-accounting of the capital market) and the checking and appropriate approval thereof by the Board of Administration, in view of publication thereof.

4.3.7 Related Parties

The company registered in 2019 transactions with SNTFM CFR Marfă SA București, to which the State holds majority stake.

4.4 Analysis of the corporate activity

4.4.1 Capital market business

Evolution of “COTE share”

The shares issued by CONPET S.A. are traded on the regulated market administered by Bucharest Stock Exchange, on Main segment, at Equity sector - category Premium, under “COTE” symbol. At the end of 2019, the trading price of CONPET shares recorded an increase by 2.45% compared to the closing price of the last trading day of the previous year.

In summary, the transactions recorded with CONPET shares on Bucharest Stock Exchange, in 2019, are as follows:

- In 2019, a number of 9,698 transactions were performed, 21.40% fewer than in 2018 (12,338 transactions);
- the total volume of the shares traded in 2019 was of 573,883 shares, by 76.21% lower than the one recorded in 2018 (2,412,109 shares);
- the total value of the transactions performed in 2019 was of 45,691,583 RON, 5 times lower than the value recorded in 2018 (229,946,461 RON).
- the average trading price was of 79.17 RON/share, down by 16.16 RON/share versus the average price of the shares registered during 2018 (95.33 RON/share);
- the trading price registered the maximum value, respectively 82.80 RON/share in the first half of June;
- a peak of the transactions was recorded on 29.05.2019, when a total volume of 21,701 shares was traded, in amount of 1,739,064 RON, representing 3.78% of the total volume of COTE shares traded throughout 2019;
- the Market capitalization at the end of December 2019 was of 689,139,229 RON, increasing by 2.45% as compared to the value recorded at the end of 2018 (672,689,926 RON).

The main trading indices of 2019 for the shares issued by CONPET S.A. are presented in the following table:

| Month \ Indices | Average price (RON/share) | No. of transactions | No. of traded shares | Value of trades (RON) |
|------------------|---------------------------|---------------------|----------------------|-----------------------|
| January | 79.37 | 688 | 39,482 | 3,133,573 |
| February | 79.27 | 940 | 80,227 | 6,359,528 |
| March | 78.75 | 930 | 66,775 | 5,258,419 |
| April | 78.64 | 707 | 37,596 | 2,956,367 |
| May | 79.57 | 1,196 | 67,998 | 5,410,416 |
| June | 79.86 | 1,359 | 86,100 | 6,876,359 |
| July | 78.86 | 873 | 35,700 | 2,807,252 |
| August | 78.15 | 680 | 45,963 | 3,590,164 |
| September | 78.92 | 631 | 35,664 | 2,820,237 |
| October | 79.08 | 639 | 19,701 | 1,803,896 |
| November | 79.92 | 587 | 37,997 | 3,031,143 |
| December | 79.68 | 468 | 20,680 | 1,644,229 |
| Cumulated | 79.17 | 9,698 | 573,883 | 45,691,583 |

Table 26 - Main trading indices

Currently, the company CONPET S.A. is included in 7 out of the total of 9 stock indices of the Bucharest Stock Exchange, respectively **BET**, **BET-TR**, **BET-XT**, **BET-XT-TR**, **BET-BK**, **BET-NG** and **BET Plus** indices.

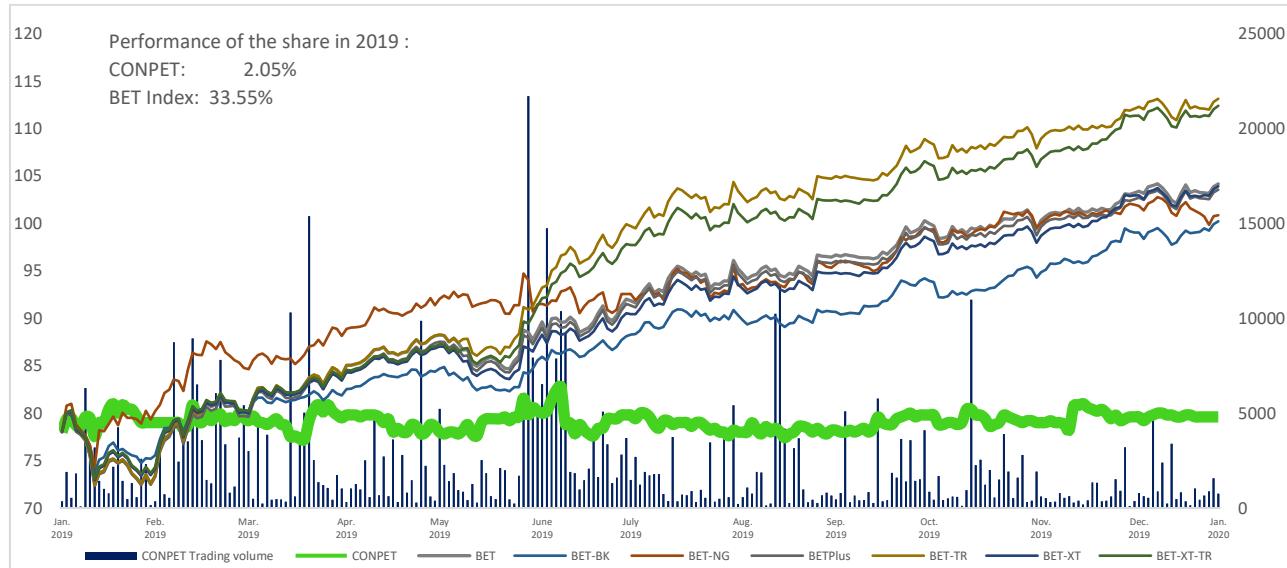


Chart 23 - Evolution of COTE shares vs. stock indices (rebased) in which it is included in 2019 (RON)

Chart, evolution of the trading price of CONPET S.A. shares, along 2019 is the following:

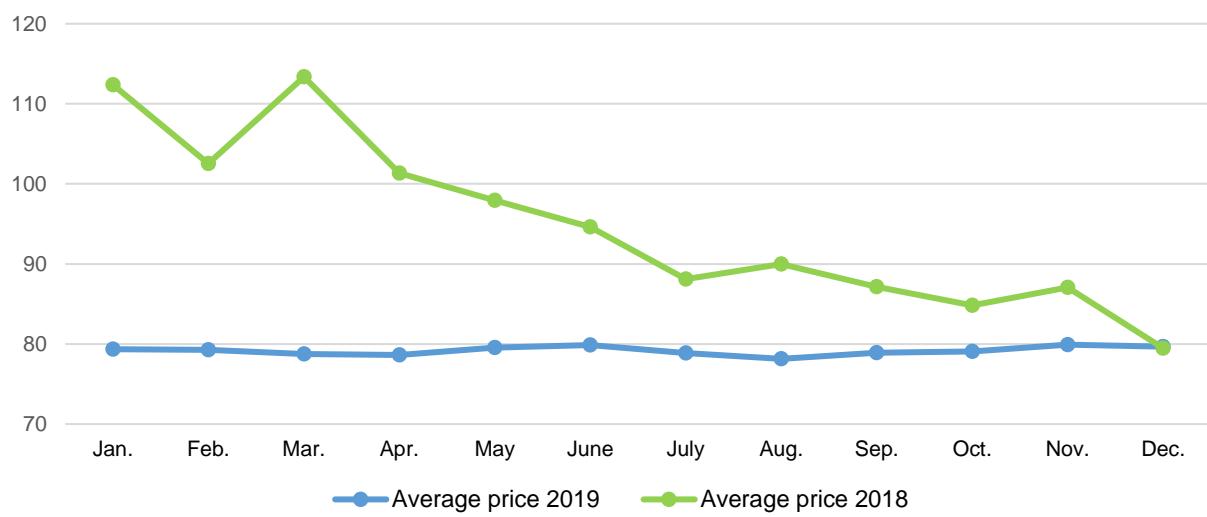


Chart 24 - Evolution of the share trading price

| Stock Market indicators | Period | | | | |
|-------------------------|--------|-------|-------|-------|-------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| PER | 12.96 | 10.79 | 12.03 | 9.04 | 11.36 |
| P/BV | 0.92 | 0.89 | 1.08 | 1.02 | 1.04 |
| EPS | 5.94 | 7.30 | 8.26 | 8.59 | 7.01 |
| DIVY (dividend yield) | 7.72 | 9.26 | 26.56 | 10.35 | 9.38 |

Table 27 - Main stock performances indices

On 31.12.2019, according to the TOP 25 Issuers by capitalization, CONPET ranked the 21st, with a market capitalization of 689,139,229 RON (EUR 144.47 mEUR), which represents a share of 0.38% in the total market capitalization.

The Dividend Policy

The company does not have a dividend policy because it is a majority state-owned company and profit distribution is done in accordance with the Government Ordinance no. 64/2001 on the distribution of profits to national enterprises, national companies and fully or majority state-owned companies, as subsequently amended.

Over the last 3 years, CONPET has distributed dividends in a ratio comprised between 90 and 91.53% of the net profit. In the last six years, the company informed the shareholders through multi-annual budget, a constant dividend distribution rate, of 85%, close to the effective rate.

The shareholders entitled to receive the dividends allocated out of the net profit to be distributed following the end of the financial year are those registered in the Consolidated Shareholders' Registry at the registration date approved by the General Meeting of Shareholders.

According to Art. 1, para. (3) of GO no. 64/2001 on the distribution of profits to national enterprises, national companies and fully or majority state-owned companies and autonomous authorities, with its subsequent amendments and completions, the national enterprises, national companies and companies where the State or an administrative-territorial unit is acting as sole, majority shareholder, or where it holds control thereof, are bound to transfer the dividends due to the shareholders within 60 days of the deadline stipulated by law for the submission of the annual financial statements.

The evolution of the dividends distributed from the net profit for the period 2016 – 2019 is as follows:

| Share of profit | GMS date | Substantiation Data | Total gross dividends due - RON- | % of net profit | Gross dividend /share - RON- | Paid dividends - RON- | Net dividends accumulated on 31.12.2019 |
|---|------------|---------------------|----------------------------------|-----------------|------------------------------|-----------------------|---|
| 2016- Dividend from profit of the period 2016- Dividend from reserves and retained earnings | 26.04.2017 | 30.06.2017 | 69,836,604 | 91.5% | 8.07 18.33 | 220,262,304.51 | 8,299,969.49 |
| | 25.10.2017 | 10.11.2017 | 158,725,670 | | | | |
| 2017- Dividend from Profit of the period retained earnings | 26.04.2018 | 12.06.2018 | 69,621,097 | 90.0% | 8.04 | 67,022,752.09 | 2,598,344.91 |
| 2018- Dividend from Profit of the period, reserves and | 23.04.2019 | 11.06.2019 | 64,652,923 | 90.1% | 7.47 | 62,140,334.36 | 2,512,588.64 |

| Share of profit | GMS date | Substantiation Data | Total gross dividends due - RON- | % of net profit | Gross dividend /share - RON- | Paid dividends - RON- | Net dividends accumulated on 31.12.2019 |
|-------------------|----------|---------------------|----------------------------------|-----------------|------------------------------|-----------------------|---|
| retained earnings | | | | | | | |

Table 28 - Evolution of dividends distributed in the period 2016-2018

The return on investment and dividend yield in the period 2014-2019 are shown in the chart below:

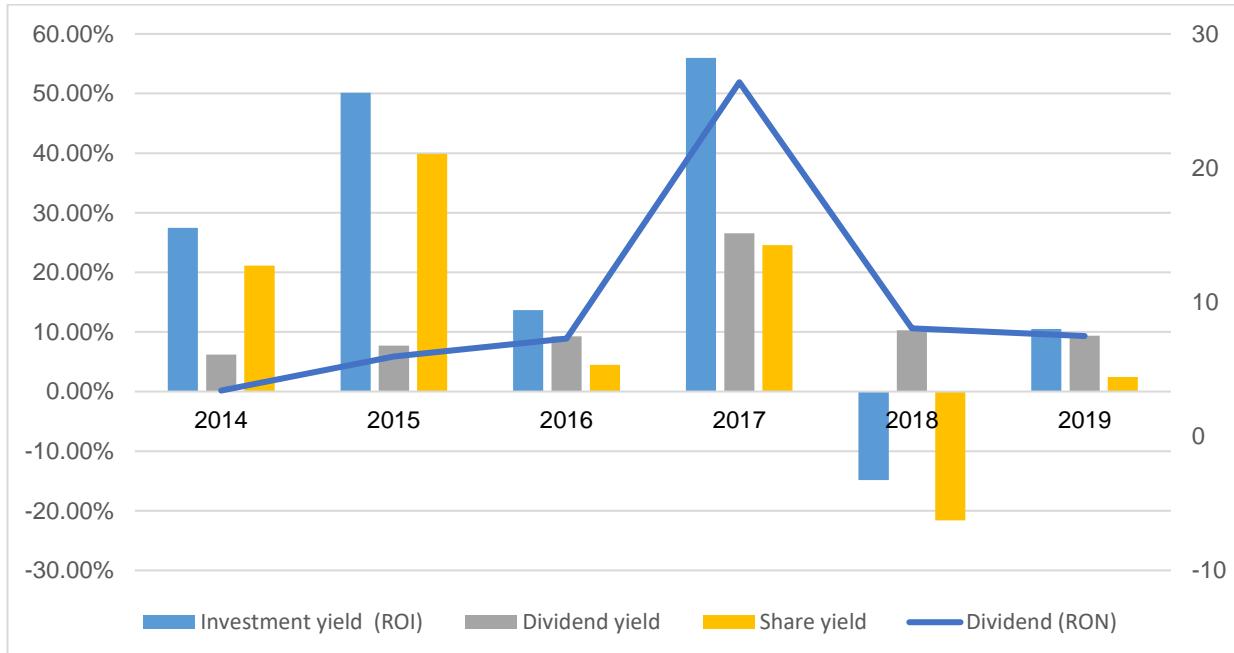


Chart 25 – Evolution of return on investment and dividend yield

After the dividend yield, CONPET SA ranked fourth in 2019 among the 10 most traded companies on the Bucharest Stock Exchange.

Total dividend per share was 7.47 RON, thus offering its shareholders a dividend yield of 9.38%, thereby positioning itself on the second place in the top of the dividends granted by a company listed on the Bucharest Stock Exchange.

Own shares, issuance of bonds or other debt instruments

CONPET did not perform transactions having as scope purchase of own shares and does not hold own shares at the end of 2019.

CONPET has no branches and there are no shares issued by the parent company and owned by the branches.

CONPET has not issued bonds or other debt instruments.

4.4.2. Corporate Governance

Corporate governance continues to be in a process of adapting to the demands of a modern economy, to the obvious globalisation of social life as well as to the information needs of investors and third parties interested in the activity of the companies.

The corporate governance at the level of CONPET is organized and conducted in accordance with the Romanian legislative framework, namely the Companies Law no. 31/1990 and the Government Emergency Ordinance no.109/2011 on corporate governance of the public enterprises.

CONPET shares are traded starting with September 5th, 2013 on the regulated market managed by Bucharest Stock Exchange (BSE), at category I, under the COTE symbol.

Starting with January 5th, 2015 CONPET is included in PREMIUM category of the regulated market administered by Bucharest Stock Exchange.

The Corporate governance system is constantly improved, as to be compliant with the rules and recommendations applicable to a company listed at the BSE.

Among the measures already implemented, please note:

- the inclusion in the administrators' annual report of a chapter devoted to corporate governance with reference, *inter alia*, to the information related to the Board of Administration and the established consultative committees, namely: the Audit Committee, the Nomination and Remuneration Committee, the Development and Investors Relationship Committee and Authorities Relationship Committee;
- diversification of communication with shareholders and investors through the inclusion on the web page of the releases addressed to market participants, half-yearly financial statements, annual reports, procedures to be followed in access and participate in the GMS;
- the establishment of a specialized entity dedicated to the relationship with investors and shareholders.

The Corporate Governance Rules

As an issuer listed on Bucharest Stock Exchange, CONPET has promoted and approved, by the Decision of the Board of Administration in March 2014, the CONPET Corporate Governance Rules. This document represents the voluntary assumption by the Company of the corporate governance principles, taking into account the characteristics and its specific activity in accordance with the principles set out in the Corporate Governance Code of Bucharest Stock Exchange. The regulation is a public document and can be visualised on the company's website by accessing the link <http://www.CONPET.ro/guvernanta-corporativa/regulament-de-guvernanta-corporativa/>.

Other applicable documentation

For the application of the general regulatory framework, CONPET has adopted documents by which corporate governance is transposed into practice:

- The Articles of Incorporation of CONPET, comprising provisions relating to the management bodies (General Meeting, Board of Administration, Executive Management) as well as their powers and operating procedures;
- The Regulation for the organization and functioning of the Board of Administration, detailing and operationalizing how this body meets, how it analyzes, discusses and makes decisions, how it interacts with the executive management and with other parties.
- The Regulation for the organization and functioning of CONPET, the Code of Ethics, the Internal Regulations, which incorporate, detail and operationalize certain aspects incident to the governance framework of the company.

Statement on the Conformity with the Provisions of the Corporate Governance Code issued by Bucharest Stock Exchange

| Provisions of the Corporate Governance Code | Complies | Fails to comply or partially complies | Reason for Non-Compliance |
|---|----------|---------------------------------------|---|
| A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A. | YES | | Delimitation of BoA responsibilities of the ones of the Director General is provided in the Corporate Governance Regulation. |
| A.2. Provisions for the management of conflict of interests should be included in the Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest. | YES | | Both the Rules of Organization and Operation of the Board of Administration of the company CONPET S.A and the Corporate Governance Rules approved by the Board of Administration contain provisions concerning the management of the conflict of interests. In practice, the members of the Board inform the Board, whenever needed, on any conflict of interests having arisen or that may arise and refrain from taking part to discussions and from the voting for the adoption of a Resolution regarding the issue giving rise to such conflict of interests. |
| A.3. The Board of Directors or the Supervisory Board should have at least five members. | YES | | |
| A.4. The majority of the members of the Board of Administration should be non-executive. In case of the Premium Tier companies, at least two non-executive members of the Board of Administration should be independent. Each independent member of the Board of Administration should submit a | YES | | |

| | | | |
|--|--|--|--|
| <p>declaration at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, on the grounds on which he/she is considered independent in character and judgment in practice and according to the following criteria:</p> <p>A.4.1. Not to be the CEO/executive officer of the company or of a company under his/her control and not have been in such position for the previous five (5) years;</p> <p>A.4.2. Not to be the CEO/executive officer of the company or of a company under his/her control and not have been in such position for the previous five years;</p> <p>A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company under his/her control, apart from those corresponding to the capacity of non-executive administrator;</p> <p>A.4.4. Not to be or not have been an employee of, or not have or have had any contractual relationship, during the previous year, with a significant shareholder of the company, controlling over 10% of the voting rights, or with a company under his control;</p> <p>A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company under his/her control, either directly or as a customer, partner, shareholder, member of the Board/Administrator, Director General/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;</p> <p>A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or</p> | | | |
|--|--|--|--|

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|---|-----|--|---|
| <p>associate employee of the current external financial auditor or internal auditor of the company or of a company under his/her control;</p> <p>A.4.7. Not to be a Director General/executive officer in another company where another Director General/executive officer of the company is a non-executive administrator;</p> <p>A.4.8. Not to have been a non-executive administrator of the company for more than twelve years;</p> <p>A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.</p> | | | |
| <p>A.5. Any relatively permanent professional commitments and engagements of a member of the Board, here-included the executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.</p> | YES | | <p>Part of the professional commitments and obligations are communicated in the Statements of Assets and Liabilities of the Board members (in compliance with provisions of Law 176/2010 regarding integrity in the exercise of the positions and public dignities, for the amendment and complementation of Law no.144/2007 regarding the incorporation, organization and operation of ANI, as well as for the amendment of other normative acts).</p> |
| <p>A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.</p> | YES | | <p>The existing provisions included in the independence statements, respectively in the Corporate Governance Rules regarding the conflict of interest provide compliance with the requirement.</p> |
| <p>A.7. The company should appoint a secretary of the Board responsible for supporting the work of the Board.</p> | YES | | |

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| A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the president or the nomination committee and, if so, summarize the key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process. | | NO | According to provisions of EGO no.109/2018, administrators activity evaluation is made annually by the general meeting of shareholders and targets both execution of the contract of mandate and the administration plan. |
| A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by the administrators (in person and in absentia) and a report of the Board and committees on their activities. | YES | | |
| A.10 The corporate governance statement should contain information on the precise number of the independent members of the Board of Administration or of the Supervisory Board. | YES | | |
| A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for new Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent. | YES | | The procedure for the appointment/nomination of the Board members is performed in compliance with the provisions of the EGO no.109/2011 on the corporate governance of the public enterprises. |
| B.1 The Board should set up an audit committee where at least one member should be an independent non-executive. The majority of members, including the President, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven an adequate auditing or accounting practice. In the case of Premium Tier companies, the audit committee should be composed of at least three | YES | | |

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| members and the majority of the audit committee should be independent. | | | |
| B.2. The President of the audit committee should be an independent non-executive member. | YES | | |
| B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal audit. | YES | | |
| B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal audit reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal audit failings or weaknesses and their submission of relevant reports to the Board. | YES | | |
| B.5. The audit committee should review conflicts of interests in relation to the transactions of the company and its subsidiaries with related parties | YES | | |
| B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system. | YES | | |
| B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team. | YES | | |
| B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by recurrent (at least annual), or ad-hoc reports to be submitted to the Board afterwards. | YES | | |
| B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made | YES | | The company CONPET S.A. observes the recommendation of the Corporate Governance Code of the BSE, but has no policy |

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| by the company with shareholders and their related parties. | | | in relation to the affiliated parties' transactions. |
| B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or bigger than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements. | | Partially compliant | We have no policy in this respect. |
| B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by hiring an independent third-party entity. | YES | | |
| B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the Audit Committee. For administrative purposes and in the scope related to the liabilities of the management to monitor and mitigate risks, it should report directly to the Director General. | YES | | |
| C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period subject to review. | YES | | |
| D.1. The company should have an Investor Relations function - indicating, to the general public, the person (s) responsible or the organizational unit. In addition to the information required by legal provisions, the company should include on its website a dedicated Investor Relations section, both in Romanian and English, with all | YES | | |

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| relevant information of interest for investors, including: | | | |
| D.1.1. The main corporate regulations: the articles of incorporation, the procedures on general shareholders' meetings; | YES | | On the company website are published information relevant for the investors (Articles of Incorporation, shareholders' rights etc.). The General Meetings of Shareholders are held by the observance of the legislation in force regarding the companies and the capital market, in compliance with the legal provisions regarding the call and performance of the general meetings. |
| D.1.2. Professional CVs of the members of the governing bodies of the company, other professional commitments of the Board members, including the executive and non-executive Board positions in companies or non-profit institutions; | YES | | |
| D.1.3. Current and periodic reports (quarterly, semi-annual and annual reports) – at least the ones provided at item D.8 – including current reports with detailed information related to non-compliance with this Code; | YES | | |
| D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions made; | YES | | |
| D.1.5. Information on corporate events, such as payment of dividends and other distributions to the shareholders or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information | YES | | |

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| should be published within a time-frame that enables investors to make investment decisions; | | | |
| D.1.6. The name and contact data of a person who should be able to provide, upon request, relevant information; | YES | | |
| D.1.7. Corporate presentations (e.g. investors presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports. | YES | | |
| D.2. The company should provide a policy related to the annual distribution of dividends or other benefits to the shareholders, proposed by the Director General or the Management Board and adopted by the Board of Administration, as a set of directions the company intends to follow regarding the distribution of net profit. The principles of the annual dividend distribution policy should be published on the corporate website. | YES | <p>In relation to shareholders, CONPET targeted the maximization return on investment. In the last 6 years, CONPET has distributed dividends in a ratio comprised between 90.0% and 91.53%.</p> <p>Through multi-annual budgets drafted in the last six years, the company informed the shareholders regarding a constant dividend distribution rate, of 85%, close to the effective rate.</p> <p>The company CONPET, as majority state owned capital distributes profit, respectively dividends in compliance with the provisions of the Government Ordinance no. 64/2001 regarding the allocation of profit at the national societies, national companies and trade companies where the State holds integral or majority stake herein, further amendments.</p> | |
| D.3. The company should adopt a policy with respect to forecasts, whether they are disclosed or not. Forecasts refer to the quantified | YES | | <p>The forecasts have been presented in the summary of the Administration Plan approved in the GMS dated</p> |

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| <p>conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. Policy on rate forecast will establish the frequency, the period considered and the content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.</p> | | | 18.12.2018, published on the company website. |
| <p>D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.</p> | YES | | |
| <p>D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.</p> | YES | | |
| <p>D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal audit and significant risk management systems, as well as opinions on issues subject to resolution at the general meeting.</p> | YES | | |
| <p>D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the President of the Board decides otherwise.</p> | YES | | |
| <p>D.8. The quarterly and semi-annual financial reports should include information, in both Romanian and English, regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on</p> | YES | | |

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| quarter-on-quarter and year-on-year terms. | | | |
| D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the "Investors Relation" section of the company website at the time of the meetings/conference calls. | YES | | |
| D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company is part of its business mission and development strategy, it should publish the policy guiding its activity in this area. | YES | | |

Table 29— Statement on the Conformity with the Provisions of the Corporate Governance Code issued by Bucharest Stock Exchange

Actions for further improvement of CONPET corporate governance

With its listing at BSE, CONPET has undertaken the application of the Corporate Governance Code of Bucharest Stock Exchange and, therefore, of the highest corporate governance standards currently existing in Romania.

One of the goals of the company CONPET S.A. is to increase the transparency and visibility of the company on the stock market and to ensure greater openness to shareholders and investors in order to increase the credibility of the company.

Transparency, information and communication

As a company listed in the Premium category of Bucharest Stock Exchange, CONPET fully complies with the obligations of reporting to the investors and the market in general, drafting and submitting the periodic and current reports required by the regulations of the Exchange.

As a company that operates in a competitive environment of great significance for the economy in general, CONPET seeks to achieve the right balance between information of a confidential nature and of public interest. Internal regulations have been adopted for the dissemination of information and compliance with confidentiality.

In accordance with the principles of corporate governance, CONPET has announced the timetable for meetings with analysts and investors. In 2019, telephone conferences and meetings with financial analysts from the capital market have been organized, for the analysis of the periodic reports of the company. The presentation materials prepared on the occasion of the events mentioned above have been published on the company's website.

Furthermore, particular importance has been given to the relationship with shareholders and investors, by showing increased transparency. The company's representative answered positive to all the participants to the capital market. In 2019, CONPET took part in numerous events organized within the capital market, showing openness towards both institutional and individual investors.

The company has also provided a contact number and an email address (infoinvestitori@conpet.ro), through which investors can ask various questions, thus getting in direct contact with the investor relationship team of the company.

The evolution of CONPET S.A. share is monitored by the research departments of the major financial investment services companies from the Romanian capital market. Furthermore, the entity that manages the relationship with the investors maintains a permanent connection with all financial analysts in the capital market.

At CONPET level, the corporate governance structures are:

- The General Meeting of Shareholders;
- The Board of Administration and the Consultative Committees;
- The Director General.

General Meeting of Shareholders

At the reference date 31.12.2019, the total number of shares was 8,657,528, owned by 12,887 shareholders. The shareholding structure, corresponding to the consolidated synthetic structure of the shareholders at the same date, was the following:

- The Romanian State (1 shareholder)

*represented by the Ministry of Economy, Energy and Business Environment (ministry of resort, established under GEO no. 68/06.11.2019, by the reorganization of the Ministry of Economy and the merging of the Ministry of Energy, the Ministry for Business Environment, Trade and the Ministry of Tourism and by acquisition of activities and structures of the ministries).

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| Number of shares: | 5,083,372 |
| • Value of contribution to the share capital (RON): | 16,775,128 |
| • Share on profit and loss (%): | 58.7162 |
| • Legal persons (88 shareholders) | |
| • Number of shares: | 2,361,896 |
| • Value of contribution to the share capital (RON): | 7,794,256 |
| • Share on profit and loss (%): | 27.2814 |
| • Natural persons (12,798 shareholders) | |
| • Number of shares: | 1,212,260 |
| • Value of contribution to the share capital (RON): | 4,000,458 |
| • Share on profit and loss (%): | 14.0024 |

The shareholders exercise their rights at the General Meeting of Shareholders ("GMS"), which is the highest decision-making body of the company. The powers of approval of the General Meeting of Shareholders, the organization and validity conditions of these meetings are set out in the Articles of Incorporation of the company, in accordance with the applicable regulations, and are supplemented with the incident legal provisions. Both the Articles of Incorporation of the company and shareholders' rights are posted on the company's website at the following addresses:

<https://www.conpet.ro/wp-content/uploads/2018/11/Act-Constitutiv-la-18.12.2018.pdf>
<http://www.conpet.ro/relatia-cu-investitorii/info-actionari/>

According to the law, each subscribed and paid share gives the holder the right to one vote in the General Meeting of Shareholders, the right to elect and to be elected to the governing bodies, the right to participate in the distribution of dividends according to the provisions of the Articles of Incorporation and of the legal dispositions, as well as other rights provided for by them.

The shareholders are entitled to a fair and complete information in the General Meeting of Shareholders on the company's situation. In the case of issuance of new shares, the existing shareholders have preference right to subscription, under the law.

General Meetings are ordinary and extraordinary.

The General Meeting of Shareholders is convened by the Board of Administration, whenever necessary. The convening of the General Meeting of Shareholders shall comply with the legal provisions regarding the companies, as well as the capital market regulations and the provisions of the Articles of Incorporation. The meeting time limit cannot be shorter than 30 days after the publication of the call in the Official Gazette of Romania, part IV.

In order to provide equal treatment and full and fair exercise of all shareholders' rights, CONPET makes available to them all relevant information regarding the GMS and adopted resolutions, according to the law, both by mass communication means and in the special section opened on the company's website.

CONPET pays all diligence, in compliance with the requirements of the relevant legislation, to ease the participation of the shareholders in the sessions of the General Meetings, as well as for the full exercise of the rights thereof. The shareholders may take part and vote, in person, in the General Meeting of Shareholders, but also have the possibility to exercise the vote by representation or by correspondence.

The General Meeting of Shareholders is opened and presided by the President of the Board of Administration or, in his absence, by another administrator appointed by the President of the Board of Administration.

During the General Meetings of Shareholders, the dialog between the shareholders and the members of the Board of Administration and/or the Director General is allowed and encouraged. Each shareholder may address questions to the administrators regarding the company activity, according to the legal provisions.

The decisions made by the General Meetings of Shareholders within the limits of the law and of the Articles of Incorporation are mandatory even for the shareholders who did not take part in the meeting or voted against.

The decisions of the General Meeting of Shareholders which are contrary to the law or the Articles of Incorporation can be challenged in court, according to the law.

The Ordinary General Meeting of Shareholders has the following main responsibilities:

- discusses, approves or modifies the annual financial statements, based on the administrators' report and the financial auditor's report;
- elects and revokes the administrators according to the law;

- approves the financial and non-financial performance indicators of administrators, belonging to the component management proposal of the management plan drafted under art. 30 of EGO no. 109/2011 on corporate governance of public enterprises;
- appoints or revokes the financial auditor and sets forth the minimum duration of the financial audit contract;
- sets the remuneration level and any other amounts and advantages due to the administrators, as well as the general limits of the remuneration of the Director General with mandate;
- approves the Organization and Functioning Regulation of the Board of Administration and sets out the competencies thereof;
- approves the Income and Expenditure Budget (I.E.B.) and the investment program for the next financial year, as well as the Budget rectification;
- approves the profit distribution according to the provisions of the normative acts in force and determination of dividend per share profit;
- passes judgments over the administrators' management and the means to recover the losses they have caused to the company;
- decides upon the pledging, leasing or dissolution of one or several units of the company.

The Extraordinary General Meeting of Shareholders has the following main responsibilities:

- changing the legal form of the company;
- changing the location of the company's headquarters;
- changing the company's line of business;
- establishment or disestablishment of subsidiaries;
- prolongation of the company's life;
- share capital increase;
- reduction of the share capital or replenishment thereof by issuing new shares;
- merger with other companies or division of the company;
- anticipated dissolution of the company;
- conversion of the shares from one category into another;
- conversion of a category of bonds into another category or into shares;
- bond issuance;
- change of nominal value and number of shares;
- decides upon the contracting of medium- and long-term bank loans, including external ones; establishes the competencies and level for contracting the current bank loans, trade loans, as well as the level of the guarantees;
- decides upon the participation, according to the law, in the establishment of new legal persons or in the association with other legal or natural persons in the country or abroad;
- may delegate to the BOA the execution of responsibilities specified in Art. 15 para. (4) letters b), c) and f). The delegation of the duty in Art. 15 para. (4) letter c) cannot concern the main business area and the core business of the company.
- decides on what market the securities issued by the company are to be traded and chooses the authorized independent registrar that manages the registers of the shares issued by the company.
- any other amendment of the Articles of Incorporation or any other decision for which the approval of the Extraordinary General Meeting of Shareholders is asked.

The Board of Administration

The Company is administered by a Board of Administration made of 7 administrators. The administrators can act as shareholders. For the appointment of an administrator to be legally valid, the person appointed must expressly accept.

The Board of Administration is ruled by a Chairman. The Chairman is elected by the Board of Administration, among its members. The removal from office of the president is also attribute of the Board. The decision on the appointment or revocation shall be taken by majority vote of the members of the Board.

The Chairman of the BOA of the company cannot be the Director General.

The Board of Administration meets usually at the company's headquarters or any place of business of the company or in any place communicated by convocation. Operative sessions of the Board of Administration can be organized by means of distance communication which satisfies the conditions necessary for identification of participants, their effective participation to the Board meetings and relaying deliberations continuously (via e-mail, phone, video conference or other communication devices), whenever necessary, but at least once every three months, convened by its Chairman or on a reasoned application of two of its members or the Director General. The Board is presided over by the Chairman. If the Chairman is temporarily unable to exercise his powers, during the respective state the Board may assign another administrator serving as president. If the Board shall be convened at the reasoned request of at least two of the administrators or the Director General, the Agenda is set by the authors of the request. The Chairman must act on such a request.

The Board of Administration may decide on matters not included on the Agenda, except for emergencies that were accepted by all administrators. The Chairman shall decide on the urgency of the problems. To decide on emergency, the absent members will be consulted upon, by various means of distance communication.

The Board operates under its own rules and regulations in force.

For the validity of resolutions the presence (directly or by proxy) of at least five council members is required and decisions are taken by majority vote of the members present. The chairman of the Board will have a casting vote in case of equal votes.

Board members can be represented at meetings of the respective body only by other members of it. A member present may represent only one absent member.

For the decisions taken in meetings in which a board member did not attend, he remains liable if within 30 days since he took notice of them, he did not make resistance in the forms specified by law.

The Agenda is set by the Chairman. The convening, agenda and meeting materials are sent to administrators in sufficient time before the meeting date, the time-limit being established in the regulation of the Board. The protocols of the meeting are contained in a register of meetings and deliberations of the Board, by the care of the president of the Board. The protocol contains the names of participants, policy deliberations, decisions, number of votes and dissenting opinions. It is signed by the Chairman of the Board, the BOA secretariate, and the one entered in the register of meetings and deliberations of the Board and shall be signed by the other administrators. The BOA Secretariate

is from outside the Board of Administration, being provided by staff from the BOA and GMS Secretariate.

The structure of the Board of Administration is diverse in both men and women of different professions (engineers, lawyers and economists) with professional experience in energy, banking, investment, consulting fields, etc.).

After completing the selection procedure provided by EGO no. 109/2011 *on corporate governance of public enterprises*, approved with amendments and completions by Law no. 111/2016, the Ordinary General Meeting of Shareholders, in the meeting dated 22.08.2018, following the application of cumulative voting method, appointed the following administrators of the company: Gheorghe Cristian – Florin, Iacob Constantin – Ciprian, Popa Claudiu – Aurelian, Gavrilă Florin – Daniel, Albulescu Mihai – Adrian, Meșca Darius – Dumitru, Pavăl Karina, with a period of 4 years mandate, respectively starting from 22.08.2018 up to 21.08.2022 (inclusive of).

By BoA Decision no. 16/07.06.2019 the Board of Administration took note of the address received from Ms. Pavăl Karina registered at CONPET SA with no. 21798/04.06.2019 regarding the waiver of mandate and the capacity of administrator due to reasons non attributable to the parties, as per Art. 37.7 from the Contract of mandate concluded at 22.08.2018 (registered with no. 33504/28.08.2018 and amended by Addendum no. 1/2018 - registered with no. 49448/18.12.2018), the notice coming into force from the date of registration of the address within the company.

BoA decision no. 17/04.07.2019, the BoA appointed as provisional Mr. Nicușor – Marian Buică, in the capacity of administrator on the vacancy, due to waiver of mandate and the capacity of administrator of Ms. Pavăl Karina, starting 05.07.2019 and until the date of convening of the OGMS. Appointment of provisional administrator is carried out in accordance with Art. 137² para. 1 of Law no. 31/1990 on companies, republished, with subsequent amendments, art. 19 para. (4) of the Articles of Incorporation of CONPET SA, following receipt of the registered address no. 26647/04.07.2019 of the shareholder DEDEMAN SRL.

By Decision no. 5/30.09.2019, Mr. Buică Nicușor - Marian was appointed by the OGMS as administrator of the company CONPET SA, the term of office of the appointed administrator being the date of the OGMS Resolution. (30.09.2019) and up to the end of the mandate of the current Board of Administration (21.08.2022, inclusive of).

The CV's of the members of the Board of Administration of CONPET SA Are available on the company's website [www.conpet.ro/Guvernantă corporativă/Consiliul de Administrație](http://www.conpet.ro/Guvernantă%20corporativă/Consiliul%20de%20Administrație).

In 2019, the members of the Board of Administration did not own share in CONPET SA.

Consultative Committees

Within the Board of Administration there are constituted the following consultative committees:

- The Nomination and Remuneration Committee;
- The Audit Committee;
- The Development, Investor and Authorities Relations Committee (as a result of reunion of the Financial Committee and for the Investors Relations Committee and the Development Committee and Authorities Relations, under BOA Decision no.20/28.08.2018).

Composition of the Consultative Committee

The Nomination and Remuneration Committee is made out of 5 independent, non-executive administrators: Albulescu Mihai – Adrian – president; Iacob Constantin – Ciprian – member; Gavrilă Florin – Daniel - member, Meșca Darius – Dumitru - member, appointed in the BoA meeting date 28.08.2018 and Buică Nicușor – Marian - member, appointed in the BoA meeting dated 25.07.2019.

The Audit committee ia made up of 3 independent, non-executive administrators, appointed in the BoA meeting dated 28.08.2018: Gavrilă Florin – Daniel – president, Iacob Constantin – Ciprian – member and Meșca Darius – Dumitru - member..

The Development and relation with the authorities committee ia made up of 3 independent, non-executive administrators, appointed in the BoA meeting dated 28.08.2018: Popa Claudiu – Aurelian - president, Iacob Constantin – Ciprian- member and Meșca Darius – Dumitru - member..

The terms of reference of the Board of Administration and of the Consultative Committees may be consulted at the web page: www.conpet.ro/_guvernanta_corporativa/_ROF of the Board of Administration, respectively www.conpet.ro/_guvernanta_corporativa/_RIOF Consultative Committees established within the Board of Administration

The Audit Committee and the Nomination and Remuneration Committee are binding, as per the legal provisions in force.

The Consultative Committees meet whenever necessary at the convening of the President, and the proposals/recommendations made to the Board of Administration (to substantiate its decision-making) are adopted by a majority of the votes cast. Attributions and responsibilities of the consultative committees are being established by the Board of Administration.

The Board of Administration may constitute, by decision other consultative committees, in various fields of activity, depending on the needs and the management strategy of the company. At least one member of each consultative committee must be an independent non-executive administrator. The Audit and Nomination and Remuneration Committee consists only of non-executive administrators. At least one member of the audit committee must have expertise in the application of the accounting policies or financial audit.

The Summary of Activities

The meetings of the Board of Administration place according to the agenda transmitted to the administrators, the main decisions made having as object the following:

- endorsement of the Revenues and Expenditure Budget of CONPET S.A. for the year 2019 and estimates for 2020– 2021;
- endorsement of 2019 Investments Program and estimates of the Investment Expenditures for 2020 – 2021;
- approval of Current Repairs Program for 2019;
- approval of the company's accounting policies manual, updated;
- establishment of the procedure for recruitment and selection calendar of the Deputy Director General, approval of the criteria for recruitment and selection thereof and announcement of its recruitment and selection;
- appointment of the Deputy Director General, with a 4 years mandate and assignment of the management of the company according to the legal provisions in force and the contract of mandate, approval of the mandate contracts and fixing the gross monthly emoluments for the execution of the entrusted mandate;

- approval of the management component of the Administration Plan drawn up by the Deputy Director General according to EGO no. 109/2011, on corporate governance in public enterprises;
- approval of the new organizational structure of CONPET, of the Organizational and Operational Regulation of CONPET and of the Classification of functions of the company, correlated with the new organizational structure;
- Approval of the amendment of state functions applicable within the Company and delegation of powers to the Director General on amendments thereto;
- approval of the resizing of the personnel necessary eliminating posts in the organizational entities of society, having as result individual dismissal;
- approval of the preliminary report on the economic-financial activity of CONPET S.A., between January-December 2018, accompanied by the non-audited preliminary financial statements at the date and for the financial year ended December 31st, 2018;
- approval of the results of the annual inventory of the elements similar to assets, liabilities and equities, held by the company;
- approval of Annual procurement program for 2019, and revisions/amendments thereto and approval of delegation of powers to the director general of CONPET SA of the competence to revise (change) the Annual Procurement Program within certain limits and conditions established by the BoA;
- endorsement of proposal to the EGMS of approval of initiation of procedure for the augmentation of the share capital of the company CONPET S.A. by the value of the land plots held based on 48 land ownership certificate and formulation of a request to the Trade Register office attached to Prahova Law Court for the appointment of an authorized appraiser for the evaluation of the land plots, in view of augmentation of the share capital CONPET;
- approval of the proposal to the OGMS approving the transaction with SNTFM "CFR MARFA" S.A. result in the conclusion of a contract having as its object „Transport services by rail of oil and rich gas from the loading ramps to the destinations set by CONPET S.A.”;
- periodical monitoring of the physical and value achievement of the Investment Program of 2019;
- regular monitoring and information on the state procurement conducted by the Company;
- analysis of the monthly reports and aggregated on the reporting period regarding the company activity;
- periodic information concerning the fulfillment stage of measures decided by the Board of Administration and the current activity of the company and the issue related to the performance on the technical, economical, legal components and other aspects;
- Approval for decommissioning of some goods belonging to the public domain of the state, which no longer justified keeping, and approval for capitalization proposed for these goods, in view of drafting the necessary documentation to issue the GD for removal of the respective goods from the public domain of the state;
- approval of decommissioning/and capitalization by bid sale of goods from the company patrimony;
- approval of internal procurement procedures norms - Revision 3, updated in conjunction with the law;
- approval of the report of the directors with mandate contracts: for the activity ended 31.12.2018;
- approval of the Annual Administrators' Report for the financial year ended 31.12.2018;

- endorsement of the annual financial statements prepared for the financial year ended 31.12.2018;
- endorsement of proposals to the Ordinary General Meeting of Shareholders concerning the distribution of net profit related to the financial year 2018 and of the amounts from the retained earnings, setting the gross dividend per share and the date of dividends payment to the shareholders;
- approval of the Annual Report of the Nomination and Remuneration Committee (Ro. CNR) related to the remunerations and other benefits awarded to the administrators and the directors with mandate contract during 2018 financial year.
- endorsement of proposal to the OGMS on the establishment of the general limits of the variable component for directors with mandate contract, the total gross annual amount of up to 5% of annual net profit, but not more than the gross fixed allowance for the whole financial year;
- approval of the activity report of the Board of Administrators for the period 23.08.2018 - 31.12.2018 on the progress regarding the strategic objectives contained in the Administration plan for the period of mandate of 2018.
- endorsement of the Report of monitoring key performance indicators classification of directors as approved by OGMS for 2018;
- approval of quarterly reports of the directors with mandate contract on the activity of CONPET SA;
- approval of the quarterly reports of directors on economic - financial activity of CONPET SA, together with the Interim financial statements prepared in accordance with IAS 34;
- endorsement of quarterly reports prepared by the executive management on monitoring key performance indicators and financial and non-financial and the total degree of fulfillment;
- endorsement of the Nomination and Remuneration Committee Report on assessment of directors with mandate contract for the activity carried out in 2018;
- endorsement of proposal to the EGMS of augmentation of the company's share capital by contribution in kind and in cash;
- approval of the means of calculation and awarding of the variable component of the Directors with mandate contracts;
- approval of the Report of the directors with mandate contract of the framing monitoring key performance indicators in the limits approved by the Board of Administrators for the term of office held by them in 2018;
- approval of the annual maximum limit of 13,000 EURO of the premium professional liability insurance of Directors with mandate contract, during the contract term, corresponding to a minimum insured amount of 12 million EURO in the aggregate;
- appointment of a temporary administrator until the meeting of the Ordinary General Meeting of Shareholders on the vacancy due to waiver of an administrator and approval of conclusion of the mandate contract with the appointed provisional administrator;
- update of the Regulation of Organization and Functioning of the BoA with the names of directors and the composition of the Consultative committees;
- endorsement of the Revenues and Expenditure Budget for 2019 rectified (Annex 1) and submission for approval to the O.G.M.S.;
- approval of revision of the Investment program for 2019 and estimates for the years 2020 and 2021, within the same values;
- approval of the proposal to the OGMS on appointing the financial auditor BDO Audit SRL of CONPET SA for a period of three years, for the years 2019, 2020 and 2021;

- Endorsement of proposal to the OGMS on the shareholders' right to dividends for the financial year 2015 uncollected until 31.07.2019;
- endorsement of the Nomination and Remuneration Committee Report on the nomination by the OGMS of an administrator of CONPET SA and approval of the form and content of its mandate contract;
- approval of the decommissioning of certain work sites;
- analysis of the Audit Committee Report covering information on the internal control management system performance monitoring and risk management in CONPET SA 2018;
- approval of sponsorship requests and periodical monitoring of sponsorship contracts concluded by the company;
- approval of the company representation to different internal and international events, establishing the composition of delegations within the administrative leadership and the Director General and approval of travel reports;
- monitoring the activities and actions carried out monthly by the non - governmental organizations in which CONPET SA is a member;
- approval of the Regulation assessing the professional performance of employees, applicable within CONPET SA

Directors with contracts of mandate (the Director General, deputy Director General and Economic Director)

Following the execution of the recruitment and selection procedure of the Director General and Economic Director (known as Financial Director) carried out in accordance with EGO no.109/2011 on *corporate governance in public enterprises*, by the Nomination and remuneration Committee, The Board of Administration appointed the directors with contract of mandate, as follows:

- CHIS Timur - Vasile in the capacity of Director General of CONPET S.A., starting 07.11.2018, for a 4 years' mandate, respectively until 06.11.2022 (inclusive of), delegating the management of the company in accordance with the legal provisions in force, the Articles of Incorporation and the Contract of Mandate.
- TOADER Sanda in the capacity of Economic Director of CONPET S.A., starting 07.11.2018, for a 4 years' mandate, respectively until 06.11.2022 (inclusive of), delegating the management of the company in accordance with the legal provisions in force, the Articles of Incorporation and the Contract of Mandate.
- DUMITRACHE Mihaela - Anamaria in the capacity of Deputy Director General of CONPET S.A., starting 18.02.2019, for a 4 years' mandate, respectively until 17.02.2023 (inclusive of), delegating the management of the company in accordance with the legal provisions in force of Incorporation and the Contract of Mandate.

The Director General of the company has the attributions specified in the contract of mandate, supplemented by provisions of the Constitutive Act, the Rules of Organization and Operation, completed with applicable legal provisions.

The Director General supplies to the Board of Administration, regularly and comprehensively, detailed information regarding all outstanding aspects for the company business. Additionally, any outstanding event is immediately communicated to the Board of Administration.

Moreover, any member of the Board of Administration may request the Director General information regarding the operative company management.

The management bodies and the administration bodies are active, have the freedom to adopt the decisions they consider right, acknowledge their role and are permanently capable of supporting their decisions against the administration structures or other interested parties that have the right to obtain such information.

The Deputy Director General of the company has the attributions specified in the contract of mandate, supplemented by provisions of the Constitutive Act, the Rules of Organization and Operation, completed with applicable legal provisions.

The Remuneration Policy

The Board of Administration

Remuneration for the members of the Board of Administration, respectively the non-executive directors is determined by the General Meeting of Shareholders in the structure and limits set by GEO no.109/2011, consisting of gross monthly fixed compensation and a variable component.

1. Gross fixed monthly allowance

- *Members of the Board of Administration which held mandate starting 22.08.2018*

The members of the Board of Administration with mandate starting 22.08.2018 according to OGMS Resolution no.5, had monthly fixed gross allowance equal to twice the average for the last 12 months of the the average gross salary per month for work done according to the core business recorded by the Company, at class level according to the classification of the national economy, announced by the National Institute of Statistics prior to the appointment (NIS address no. 38226/10.08.2018 and NIS address no.38367/22.08.2017) calculated in the sense of maintaining the monthly net earnings valid for 12 months prior to the appointment, for release in accordance with the new mandatory social contributions due under Law No. 227/2015, subsequent amendments and completions, as amended by EGO no.79/2017 amending and supplementing Law no. 227/2015 regarding the Fiscal Code.

According to Article 7 of OGMS Resolution no. 5/22.08.2018 the maximum gross monthly fixed allowance established for administrators is of 13,022 RON gross/pers., respectively 2 times fixed allowance calculated in accordance with Article 37 para. (2) of EGO 109/2011, the amount set out in Article 13 of the mandate contract approved.

- *Member the Board of Administration with mandate up to 30.09.2019*

By Decision no. 5/30.09.2019, Mr. Buică Nicușor - Marian was appointed by the OGMS as administrator of the company CONPET SA, on the vacancy due to waver of mandate and the capacity of administrator of Ms. Pavăl Karina. The term of office of the elected administrator is set starting with the date of the OGMS Resolution (30.09.2019) and up to the end of the mandate of the current Board of Administration (21.08.2022, inclusive of).

The gross fixed allowance of the new administrator is set at the same level with the one of the administrators appointed in the OGMS meeting dated 22.08.2018, respectively 13,022 RON/month. The gross fixed allowance due to the members of the BoA for the period 01.01.2019 - 31.12.2019 was of 1,093,848 RON.

2. Variable component

According to Article 37 para. (2) of EGO no.109/2011 the variable component is determined based on financial and non-financial performance indicators negotiated and approved by the GMS.

By OGMS Resolution no. 7/18.12.2018 were established the key performance indicators and related weights. The quantum of the variable component of the administrators cannot exceed maximum 12 monthly fix allowances.

The variable component due to administrators is granted in conjunction with the annual total degree of fulfillment of financial and non-financial KPIs approved by the contract of mandate.

The gross variable component for the year 2018 and paid in 2019 to non-executive board members was of 392,581 RON.

In the financial statements of 2019 are summarized provisions related to variable compensation for directors with contracts of mandate in the amount of 1,093,848 RON.

The Director General:

By Decision no. 27/06.11.2018, the Board of Administration set the gross monthly fixed allowance of the Director General for the execution of the trusted mandate, as such:

- starting 07.11.2018 in amount of 33,000 RON, according to BOA Decision no. 27/06.11.2018.
- starting 18.12.2018 in amount of 40,416 RON, according to BOA Decision no. 33/18.12.2018, *meaning six times the average for the last 12 months of the gross earnings for work done as core business registered by the company, at class level according to the classification of the national economy, announced by the National Institute of Statistics prior to the appointment, with effect from signing the addendum to the contract of mandate (NIS address registered under no. 42779/05.11.2018).*

The gross fixed allowance granted to the Director General of CONPET SA between 01.01.2019 - 31.12.2019 was of **484,992** RON.

The gross variable component for the year 2018 and paid in 2019 to the Director General was of 63,226 RON.

The Economic Director

By Decision no. 27/06.11.2018, the Board of Administration set the gross monthly fixed allowance of the Director Economic for the execution of the trusted mandate, as such:

- starting 07.11.2018 in amount of 27,000 RON, according to BOA Decision no. 27/06.11.2018;
- starting 18.12.2018 in amount of 33,680 RON, according to BOA Decision no. 33/18.12.2018, *meaning five times the average for the last 12 months of the gross earnings for work done as core business registered by the company, at class level according to the classification of the national economy, announced by the National Institute of Statistics prior to the appointment, with effect from signing the addendum to the contract of mandate (NIS address registered under no. 42779/05.11.2018).*

The fixed gross allowance granted to the Economic Director of CONPET SA between 01.01.2019 - 31.12.2019 was of **404,160** RON.

The gross variable component for the year 2018 and paid in 2019 to the Director Economic was of 52,021 RON.

Deputy Director General

The Board of Administration set the gross monthly fixed allowance for the Deputy Director General for the execution of the trusted mandate, respectively 35,290 RON, meaning five times the average for the last 12 months of the gross earnings for work done as core business registered by the company, at class level according to the classification of the national economy, announced by the National Institute of Statistics prior to the appointment, with effect from signing the addendum to the contract of mandate (NIS address registered under no. 35226/12.02.2019).

The fixed gross allowance granted to the Deputy Director General of CONPET SA between 18.02.2019 - 31.12.2019 was of **368,781 RON**.

In the financial statements of 2019 were included provisions representing variable compensation for the year 2019 for directors with mandate contract in the amount of 1,258,829 RON (484,992 RON director general, 404,160 Ron economic director and 369,677 RON deputy director general, calculated from the date of appointment, respectively 18.02.2019).

The variable component will be paid after approval of the financial statements of financial year 2019, in relation to the fulfillment of key performance indicators.

Status of achieving the Key Performance Indicators for 2019

The 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

The degree of achievement 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 the remuneration due to the administrators will be directly proportional to the

GT_{ICP} for the corresponding financial year or part of the corresponding financial year.

In the event that:

- a) $GT_{ICP} \geq 100\%$, the maximum variable remuneration component approved by the OGMS for each administrator is granted in the maximum amount approved by the OGMS.
- b) $80\% \leq GT_{ICP} < 100\%$, the maximum variable component of remuneration for each director with contract of mandate approved by the OGMS is awarded in proportion to the total fulfillment of the performance indicators.
- c) $GT_{ICP} < 80\%$, the variable component shall not be awarded.

- **Financial and non-financial Key performance indicators for 2019 approved for the directors of the company**

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, 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.

The structure of financial and non-financial KPIs, the performance objectives of each KPI, their weight and the degree of achievement are shown in the table below:

| Objectives and financial and non-financial key performance indicators for Directors with mandate contracts achieved between 01.01.2019-31.12.2019 | | | | | | | | |
|---|---|---|--------|--|-----------------|-------------------------------|--|-------------------------------|
| Crt. no. | Performance indicator | PERFORMANCE OBJECTIVE | MU | (Period 01.01.-31.12.2019) | | Degree of achievement KPI (%) | KPI weights for the settlement of the remuneration | Degree of achievement KPI (%) |
| | | | | Target values | Achieved values | | | |
| A. KEY PERFORMANCE INDICATORS - FINANCIAL: 50% | | | | | | | | |
| 1 | Outstanding payments | Level zero | kRON | 0 | 0 | 100.0% | 5% | 5.0% |
| 2 | The decrease of the operating expenses = (Operating expenses – Impairments of assets and impairments of provisions)/ Turnover | The maintenance of the share of expenses in the turnover at the level assumed by the Administration Plan | % | 82.60% | 79.2% | 104.2% | 20% | 20.8% |
| 3 | Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses regarding the settlement of the modernization quota + Impairments of tangible and intangible assets, here included the revaluation differences). | The realization of adjusted EBITDA target assumed by the Administration Plan | kRON | 90,316 | 109,391 | 121.1% | 20% | 24.2% |
| 4 | Labor Productivity | Achievement of the labor productivity level provided in the annual approved Budget | kRON | 260 | 279 | 107.3% | 5% | 5.4% |
| B. NON- FINANCIAL KEY PERFORMANCE INDICATORS: 50% | | | | | | | | |
| B1 OPERATIONAL: 30% | | | | | | | | |
| 5. | Framing within the specific consumptions for the crude oil transport (does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in contamination, where the owners do not ease access for remedy). | The target value is lower than the value of the maximal technological consumption, for crude oil | % | Domestic crude oil ≤ 0.361 Achieved = 0.314% Lukoil imported crude oil ≤ 0.29% Achieved 0.104% Petrom imported crude oil ≤ 0.143 Achieved 0.123% Midia imported crude oil ≤ 0.108 Achieved 0.097% | 0.301%*) | 0.207% | 131.2% | 5% 6.6% |
| 6 | Monitoring of the annual electricity average specific consumption for technological purposes | Maintenance of the annual electricity average specific technological consumption at a level of max 3.3 Kwh/to | Kwh/to | Max 3.3 Kwh/to | 3.3 | 2.64 | 100.0% | 5% 5.0% |
| 7 | Achievement of the investments financed out of the modernization quota | Min. Realization 95% of the annual Investments Plan financed out of the Modernization Quota | % | ≥ 95 % | 95% | 214.5% | 100.0% | 20% 20.0% |
| B2. OF CORPORATE GOVERNANCE: 20% | | | | | | | | |
| 8 | Implementation/development of the internal control management system in compliance with the legal requirements in force | 100% achievement of the actions included in the program | % | 100% | 100% | 100% | 100.0% | 10% 10.0% |
| 9 | Duly reporting of the degree of achievement of the performance indicators of the company | Framing within the reporting due deadlines | % | 100% | 100% | 100% | 100.0% | 5% 5.0% |
| 10 | Growth of institutional integrity by inclusion of the measures to mitigate corruption as an element of the management plan | Minimum 90% achievement of the measures assumed by the approved Integrity Plan | % | ≥ 90 % | 90% | 100% | 100.0% | 5% 5.0% |
| Total degree of achievement of the performance indicators: | | | | | | | | 107.0% |

*) Average technological consumption (calculated according to each type of transport)

Table 25 - Key financial performance indicators 2019

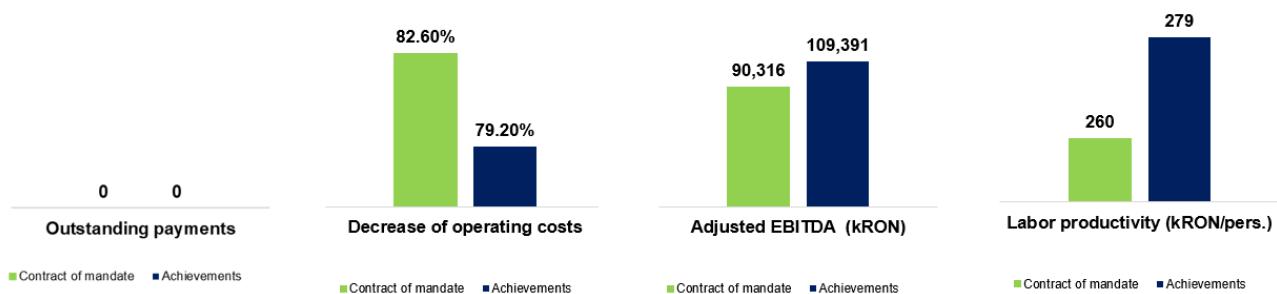


Chart 26- Financial Key Performance Indicators

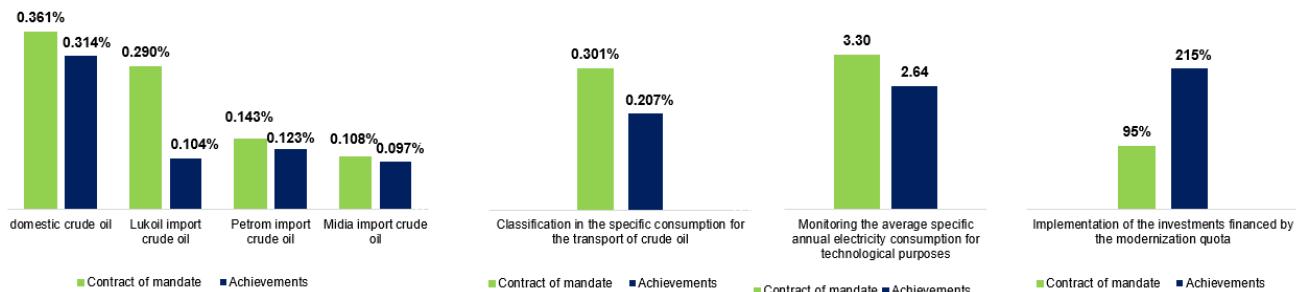


Chart 27- Operational non-financial Key Performance Indicators

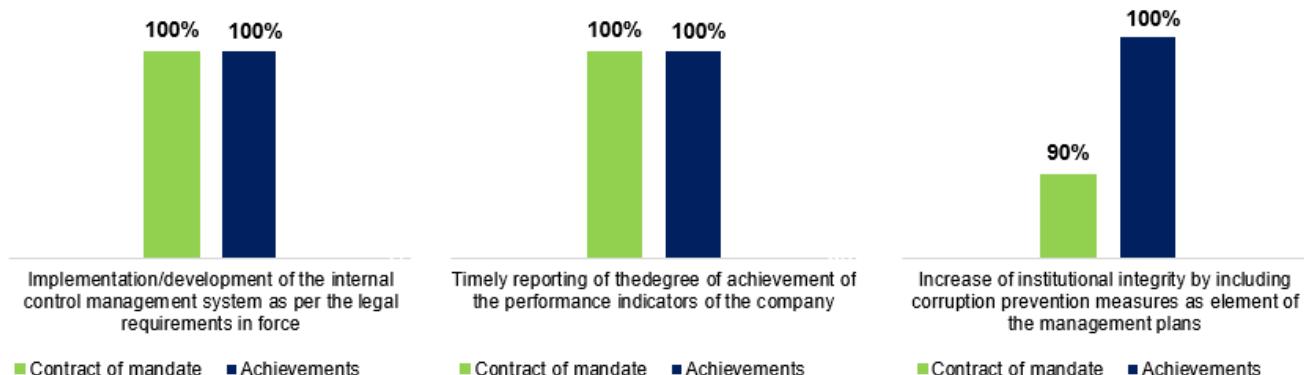


Chart 28 - Governance non-financial Key Performance indicators

For the year 2019, the total degree of achievement of the financial and non-financial performance indicators for the administrators was of 103.7 %.

- Financial and non-financial key performance indicators for 2019 set for the directors with contract of mandate**

For the year 2019, the degree of achievement of the performance indicators set for the directors with contract of mandate was of 107%.

In Annex 4 of the Report of the Administrators is presented the calculation of the total degree of fulfillment of key performance indicators.

Remuneration and fulfillment degree of the key performance indicators of administrators and directors with contract of mandate are presented in the annual report of the Nomination and Remuneration Committee.

Management of the conflicts of interests

During 2019, within CONPET SA there were registered no conflicts of interest, as shown in the declarations of interest submitted by the senior management and the Board members, pursuant to Law 176/2010 regarding the integrity in exercising public functions and dignities, for amending and completing Law 144/2007 on the establishment, organization and functioning of the National Integrity Agency, as well as amending and supplementing other laws.

In view of implementation of the National Anti-corruption Strategy 2016-2020, to which CONPET S.A. has adhered, in 2017, has been approved the Integrity Plan, document upgraded in 2018 by decision of the Director General of CONPET s.a. - which details, in a personalized manner, the measures applicable to CONPET S.A., subsumed to the general and specific objectives provided in SNA for the identification of risks, vulnerabilities and specific intervention needs.

Subsequent to the tasks of education and awareness enhancement of CONPET S.A. personnel in the issues of integrity and anti-corruption, up to its dissolution by the new organizational chart valid from 15.10.2019, the Integrity Office initiated a series of information activities of the employees, by elaborating, presenting and dissemination of informative materials concerning the provisions of the National Anti-Corruption Strategy 2016 - 2020 and of the Integrity Plan adopted by the company, and CONCERNING to the corruption offenses as contained in the Criminal Code. The second booklet material that was released during 2019 and relating to conflict of interest, entitled "Traffic of influence" was developed by the Integrity Office and distributed in all work places within the company. After 15.10.2019 and up to the end of the year, the specific activity on integrity was taken over by the Control Body Office.

The administrator or Director General who has interests in a particular operation, directly or indirectly, contrary to the interests of the company, must notify the other administrators and the internal auditor thereof and must not take part in any deliberations concerning this operation. The same is the duty of the administrator or the Director General if, in a particular operation, knows that the spouse, relatives or affiliates up to the fourth degree inclusively are interested.

The members of the Board of Administration keep the confidentiality of any facts, data or information they have acquired in the course of exercising their responsibilities and understand that they have no right to use or disclose them during or after termination of the activity.

In order to avoid the occurrence of conflicts of interest, the company has established a number of ethical rules both by the members of the Board of Administration and by the Director General and employees of the company, in correlation with the applicable legal provisions.

Both in the Organization and Functioning Regulations of the Board of Administration of CONPET and in the Corporate Governance Regulation, there are provisions regarding the management of conflicts of interest. In practice, the members of the Board of Administration shall inform the Board of any conflicts of interest that have arisen or may arise and shall refrain from attending the discussion and voting for the adoption of a ruling on the matter giving rise to the conflict of interest concerned.

According to EGO no. 109/30.11.2011 on the corporate governance of public enterprises and within the Development Program of the Internal Control Management System elaborated in accordance with OSGG 600/2018, having regard to the need to build an integrity culture within CONPET, in 2018 the

BOA prepared and approved (in the meeting dated 13.11.2018) a new Code of Ethics and Integrity and appointed an ethics counselor within the Integrity Office, committed to this activity .

All CONPET SA personnel has been trained on the institutional strategy of the company, to the expectations of behavior in relation to the Code of Ethics and Integrity, and the rights and obligations of the staff in terms of ethics and compliance.

In January 2019, the ethics counselor has developed a series of meetings with employees at divisions and sectors headquarters in which they discussed the rules of conduct and response to requests for clarification of the employees. On this occasion the employees were tested through anonymous questionnaires, prepared by the ethics counselor and approved by the Director General, in order to verify the knowledge and perception of the rules of conduct.

Social and Corporate Responsibility

The Corporate Social Responsibility is the permanent commitment of CONPET to ethical behavior that includes social and environmental concerns in its business and contacts with other parties and contributes to economic development by improving the quality of life for both its own human resources and for the community it belongs to.

The Corporate Social Responsibility is an inherent part of CONPET's strategy. Respect for people, responsibility for the environment and involvement in community life are essential values and major priorities for CONPET.

The company has assumed commitments related to environmental protection by optimizing its performances in environmental protection, pollution prevention, efficient use of energy, natural resources, raw materials, information and awareness of its own staff and the community on the importance and necessity of complying to regulations and recommendations aimed at protecting the environment.

Consistent with the principles of sustainable development, CONPET uses the specific tools of a modern economy, instruments offered by the continuous preservation and improvement of the Integrated Quality, Environment, Occupational Safety and Health Management System, the Railway Safety Management System, and the maintenance and improvement of the Energy Management System and the standards contained in the Code of Internal Control Management.

As an expression of the adherence to the fundamental values, principles, objectives and monitoring mechanisms of the National Anti-Corruption Strategy, within CONPET the Declaration on adherence to the National Anti-Corruption Strategy 2016 - 2020 and support of the anti-corruption fight, the promotion of integrity, the priority of the public and company interest as well as transparency of the decision-making process was adopted. In this spirit, within the company was developed the Integrity Plan, that includes specific measures with timetables for implementation by the end of 2020. The measures with fulfillment term in 2019 were carried out 100%.

In the medium term, is being proposed to create a corporate social responsibility policy that defines the areas within which CONPET can intervene on the local community level, as well as to monitor and communicate the company's performance in this respect, disseminating information via various channels of communication.

The company has committed to maintaining the highest standards in all aspects of its business and continually exerting a positive impact on all communities in which it operates. Particular attention is paid to education, sports, cultural activities and the humanitarian spirit.

This engagement involves not only providing financial support to certain institutions but also working together for each employee, partner, collaborator or shareholder to be treated with dignity and respect.

In this respect, CONPET has developed its own Code of Ethics, based on clear principles of observance of the legal frame and internal rules, focusing on quality, confidentiality, avoiding conflicts of interest, respect and trust, responsibility towards the local community, responsibility towards the environment, transparency and loyalty.

At the same time, one of CONPETs' long-term strategic objectives is to participate in the professional development of employees through the continuous improvement of knowledge and skills.

The human resources policy of the company aims at the same time the training and improvement of the existing personnel, in new or traditional domains, one of the most important competitive advantages of CONPET being the body united and experienced by staff.

Since the training of a petroleum specialist involves a long period of professional training and qualification, the company has chosen to work with the Petroleum and Gas University of Ploiesti to select the best students of the faculties. Even before they become employees of the company, the youth with high performances are offered the opportunity to deploy a practical stage internship in the company.

Each year, on the occasion of the Company Day and Oilman Day, as well as on various other occasions, CONPET organizes actions meant to promote the image of the company: symposiums, lectures, conferences. The employees of the company are engaged in competitions and internal manifestations specific to the organizational culture (Soccer Cup, Bowling Cup, Childhood Workshops - on June 1st, etc.)

The company is also involved in volunteer activities (e.g. education, social, environmental protection) as well as demonstrative actions - anti-terrorist intervention drills, in collaboration with the county institutions that constitute the National System for Preventing and Combating Terrorism (SNPCT).

Sponsorship

The statement of the sponsorship is disseminated to the public by the publishing of an annual report of the sponsorship awarded by CONPET S.A. on the company website, at the following address: <https://www.conpet.ro/relatia-cu-investitorii/raportari/rapoarte-anuale/>.

Within the company, the sponsorship activity is being carried out in compliance with the legal documents regarding sponsorship and the procedure on sponsorship developed within the company and within the limits approved by yearly revenues and expenditure budget, without exceeding the sponsorship expenses broken down by area of interest.

CONPET SA seeks the actions of sponsorship to be as efficient in terms from social point of view and the financial assistance to be a real support and benefit for the applicant.

The sponsorship policy of the company supports both traditional projects, those that have an important and lasting impact on the community, as well as requests for smaller scale which promotes through ideas and actions, the individual performance.

For 2019, the sponsorship costs were within the budgeted values and is as follows:

| | |
|---|-------------------|
| • Education, social and sports activities | 271.9 kRON |
| • Medical and health causes | 329.9 kRON |
| • Other actions and activities | 82.3 kRON |
| Total | 684.1 kRON |

4.4.3. The Executive Management

4.4.3.1 Strategic objectives regarding the management of the company CONPET

Actions carried out in view of achieving the strategic objectives contained in the Administration Plan

The strategic objectives comprised in the company's administration Plan for the period 2018-2022 derive from the expectations Letter of the major shareholder, the Romanian State, by the Ministry of Energy and target the increase of business efficiency and the improvement of business performance, optimization of the operating expenses, the development of new activities related and non-related to the core business, definition of the company as regional payer, efficient management of human resources and the implementation and development of the corporate governance principles.

The actions undergone in 2019 for the achievement of the objectives in the administration Plan

Objective 1 Increasing the efficiency and improvement of business performance

Redefining the necessary of the transport infrastructure

In March, 2019 was concluded the services supply contract (beneficiary NIS Petrol Romania SRL) for the take-over and temporary storage of the crude oil and condensate produced from exploitations in Timis county for a period of 1 year. There have been initiated discussions with NIS representatives, a.d. Serbia, the company which owns the refineries in Pancevo and Novi Sad, to carry out transport services for crude oil produced in subsidiary NIS Petroleum Romania SRL refinery Pancevo, discussions finalized through a contract service of crude oil transport by rail on Biled ramp relationship - Romanian-Serbian border over a period of one year.

Multi annual investment program

The multi-annual investment program of the company consists mainly of investment objectives to increase efficiency of the National Transport System and its operational safety.

When establishing the multi-annual investment program is intended first, to respect the commitment assumed by the company through the minimum investment program communicated to NAMR annex to the concession agreement.

Continuation of the project "Pipelines leaks location and detection System"

It was executed and completed in 2019 the pilot project "System of detection and location of pipeline leaks" on the relationship Poiana Lacului - Siliște - Ploiești.

Following the line analysis of implementing an LDS system for other transport links, the action is scheduled for 2020.

Optimization of SCADA system and Hardware and Software of the remotes transmission units (RTU)

There have been completed and received SCADA system optimization works and upgrade Hardware and Software of the Remote Transmission Units (RTU), for a number of 19 locations out of a total of 29.

Modernization and monitoring of the Cathodic Protection System related to the National Transport System via Pipelines

The project performance is structured in two stages, as follows:

Stage 1 - 51 locations (completion at the end of 2019)

Stage 2 - 16 locations (the works for the 2nd stage started on 30.11.2019, with term of completion in 2020).

During 2020 it will start the execution for another 30 locations.

Implementation of a GIS System

The feasibility study for the implementation of a patrimonial geographic evidence system has been completed and launched the procurement process for technical assistance services for system implementation management. In august 2019 it was signed the execution contract. At the end of 2019 the first contract phase was concluded.

ERP Upgrade

It is being developed the specifications for analysis for determining new business requirements of the company Conpet SA.

Rehabilitation of the pipelines under crossing the Danube river and Borcea Arm

In order to rehabilitate the pipelines under crossing the Danube river and Borcea the feasibility study was completed. The initiation of the execution of the pipelines to overcross Dunărea/Borcea, in the configuration resulting from the completion of the solution study is scheduled for the period 2020-2025.

The implementation of a system for the teletransmission and telemetering of the power consumptions in CONPET locations:

The implementation of the telemetering system will be performed in 19 locations (Poiana Lacului, Cartojani, Videle, Lucăcesti, Imeci, Moreni, Siliștea, Cireșu, Băicoi, Bărbătești, Ticleni, Orlești, Ghercești, Otești, Biled, Pecica, Marghita; Constanța Sud, Călăreții).

Objective 2 Development of new activities, related and non related to the core business

Assessment of the feasibility of the development of transport for atypical products

In May 2019 has been concluded a transport contract for the condensate associated to the exploitation in the Moftiu-Carei area (Beneficiary Serinus Energy).

Objective 3 DEFINING THE COMPANY AS REGIONAL PLAYER

The company supported all the actions coordinated by the Ministry of Energy for the carry out of the works of the Mixed Intergovernmental Commissions of bilateral cooperation in the energy sector, both by the participation of the company's representatives in the official delegation occasioned by the visit of the Foreign Minister in Turkmenistan (June 2019), as well as by the preparation of the representation within the join Work Group in the energy sector Romania - Polonia (May 2019).

The company's specialist participated to the regional initiatives of collaboration in the energy sector, in this respect being mentioned the support in what concerns the construction of the bidirectional flow interconnection pipelines Constanța – Pitești-Pancevo within the collaboration format the Initiative of the 3 Seas (Bucuresti, April 2019).

Objective 4 HIGH PERFORMANCE MANAGEMENT OF THE HUMAN RESOURCES

Reshape and ongoing adaptation of the human resources in correlation with the technical economic requirements and realities of the company.

To achieve this objective, the human resources necessary has been continuously monitored and adapted, given the specific activity of Conpet, respectively the fluctuations in the workload of workstations, resulting performing numerous redistribution of employees from an working point to another by:

- the efficient use of personnel;
- providing business continuity, within the conditions required by the permanent fluctuations in the production activity;
- providing balance between the personnel number and the real technical-economic and administrative needs of the company.
- flexible redistribution of human resources in order to avoid possible blockage and ensure their most efficient use of personnel.

The Board of Administration approved on 23.04.2019 the dismantling of 29 positions from the organizational entities of the company, with the consequent dismissal of individual employees occupying these positions, for reasons not related to their person, within the budget allocated to this measure, as well as the appropriate modification of the rule of functions;. Starting 01.05.2019, 29 positions have been dismantled.

Following the approval, by the OGMS, on 30.09.2019 of the Budget rectification, a new action analysis was initiated, together with the organizational entities, of the staffing, in view of dismantling of posts that are no longer needed with the consequent dismissal of individual employees occupying these positions, as required by law and the applicable Collective Labor Agreement in force.

In this context, as determined by the BoA resolution dated 11.10.2019 were eliminated another 29 positions as of 15.10.2019 with the consequent dismissal of individual employees occupying these positions, given the legislation and applicable Collective Labor Agreement in force.

The development of the specific competencies and basic skills of the human capital

The training and professional authorization programs of the company's employees were drafted and approved in this respect for the year 2019, following the identification of professional training needs and the personnel authorization necessities, in correlation with the attributions in the job description, in view of maintaining/developing the aptitudes, specialized knowledge and the necessary skills related to the position held.

The training program or the professional authorization program for 2019 were reviewed by legal charges and other needs arising during the year.

Training is provided through collaboration with external partners, authorized training company, but also internally within the company.

Internal Training is organized by internal trainers and/or experts from the company with a good knowledge of the field and/or relevant experience in the field of technical activity, supporting qualifying session Internship/training/maintenance knowledge in various industries and audit/verification of employees participating in those sessions. There is a permanent concern for the extension of the trainers body in other domain as well, (such as ethics and integrity, GDPR).

Through the trainers within the company, in 2019 were trained/re-trained/internally qualified: 10 recipients predator of fluid products, 118 employees responsible for operating in the SCADA micro domain.

Moreover, following the approaches carried out in view of identifying certain non-repayable financing sources applicable to some projects for the development/modernization of the company's activity, Conpet S.A., in partnership with Prahova Chamber of Commerce and Industry, namely OK Services, has implemented the project named " High Performance Human Resource - strategic vector for the increase of company's competitiveness" - POCU 227/3/8/117913, project co-financed through the European Social Fund - Human Capital Operational Program 2014-2020, priority Axis 3. By this project, a number of 51 employees of CONPET S.A., holding management positions, benefited from professional training in view of increasing competitiveness and implicitly, improving the management act at the level of the company.

In 2019 the employee performance evaluation system has been revised so as to take into account the most objective criteria of individual professional performance. The Regulation of employee performance appraisal reviewed was approved by the BoA decision dated 12.12.2019.

In developing the new Regulation on performance appraisal of employees it was aimed:

- the implementation of Standard 3 - Competence performance from the Development program for 2019, of the Internal Control Management System in CONPET SA;
- optimization of integrated performance evaluation of employees which aims to establish individual SMART targets and performance indicators for management positions.

Objective 5 IMPLEMENTATION AND DEVELOPMENT OF THE PRINCIPLES OF CORPORATE GOVERNANCE

Issue of a Code of Ethics and Integrity

The measure is being fulfilled, the Code of Ethics and Integrity of CONPET SA having been approved by the Board of Administration on 13.11.2018.

Active involvement in corporate social responsibility

In 2019, 46 sponsorship agreements were concluded, totaling 684,077.74 RON.

There have been carried out social activities, namely projects, competitions, exhibitions and internal manifestations specific to the organizational culture.

There have been undertaken demonstrative actions - anti terrorist intervention exercises, in collaboration with county institutions, components of the National Prevention and Countering Terrorism System (RO. SNPCT).

The report on sponsorships of CONPET SA in 2019 was approved by the Board of Administration in the meeting dated 17.01.2020.

Development of reporting, control and risk management capabilities

The committee for monitoring the internal control management system performed the annual update of the Program related to the development of the internal control management system in compliance with the legal requirement in force. The actions set out in the Program related to the development of the internal control management system have been fulfilled.

Implementation of SR ISO 37001:2017 requirements Anti-bribery management systems

The measure contains a series of actions scheduled starting 2020, as follows:

- Personnel training on the requirements of SR ISO 37001:2017 - Anti-bribery management systems
- The elaboration of the standard implementation program - 2021
- The achievement in due term of the standard requirements implementation program (as per the data set out in the implementation program).

It was developed and approved a program to implement the requirements of SR ISO 37001:2017 anti-bribery management systems (nr.49462/19.12.2019).

The Executive Management

Between 01.01.2019 - 31.12.2019, the executive management had the following composition:

- Starting 01.01.2019 up to 31.03.2019:

| | | |
|-------------------------|---|--|
| Director General | PhD Eng. CHIŞ Timur Vasile | - contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, inclusive of |
| Deputy Director General | Legal Advisor DUMITRACHE Mihaela - Anamaria | starting 01.01.2018 to 17.02.2018, inclusive of |
| | | - contract of mandate of 4 years period 18.02.2019 - 17.02.2023, inclusive of |
| Economic Director | Econ. TOADER Sanda | contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, inclusive of |

- Starting 01.04.2019 up to 31.12.2019

| | | |
|---------------------------|---|--|
| Director General | PhD Eng. CHIŞ Timur Vasile | - contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, inclusive of |
| Deputy Director General | Legal Advisor DUMITRACHE Mihaela - Anamaria | starting 01.01.2018 to 17.02.2018, inclusive of |
| | | - contract of mandate of 4 years period 18.02.2019 - 17.02.2023, inclusive of |
| Deputy Director General 2 | Eng. DRAGNE Laurențiu Marian | - starting 03.04.2019 |

| | | |
|-------------------|--------------------|--|
| Economic Director | Econ. TOADER Sanda | contract of mandate of 4 years, period 07.11.2018 - 06.11.2022, inclusive of |
|-------------------|--------------------|--|

5. NON-FINANCIAL STATEMENT FOR THE YEAR 2019

Non-financial statement presents information through which the company's management wishes to communicate transparently to the business partners, employees, investors, the community in general and any other interested parties the actions taken and the progress achieved by CONPET SA in terms of assurance and continuous improvement of quality of the services provided, environmental protection, occupational health and safety, aspects related to staff and social field, prevention of abuses in human rights matters, ethics and integrity in business and corruption prevention and combating.

Company's profile

CONPET SA is the operator of the crude oil, rich gas, condensate and ethane National Transport System(SNT). As presented in the Report of Administrators, CONPET SA operates transport services to its customers both through the National Transport System, leased under the Petroleum Concession Agreement and by rail from the loading ramps to the refineries.

The operation of the system is achieved through the local dispatchers coordinated by the central dispatcher of the company. The National Transport System consists of the following components:

- Import Crude Oil Transport System
- Domestic Transport System, which in turn includes:
 - The crude oil and condensate transport subsystem
 - The rich gas transport subsystem
 - The ethane transport subsystem

The powers of each entity within the organizational structure are established by the Rules of Organization and Operation of the company.

Quality, Environment, Occupational Health and Safety Policy

In accordance with the strategic development direction of COPET SA, the Quality, Environment, Occupational Health and Safety Policy aims at satisfying the requirements of the customers and of other relevant stakeholders, complying with the legal requirements concerning the transport of crude oil, rich gas, ethane and condensate and ensuring a healthy and safe work environment for the entire staff.

- Ensuring the availability and timeliness of the crude oil, rich gas and condensate transport services;
- Efficient solving of interventions on the transport installations without affecting customers and other stakeholders' interests;
- Optimization of technological consumptions of transported product;
- Compliance with legal and other requirements relating to occupational safety and health;
- Continuous improvement of performance in environmental protection activity, in particular by adopting prevention measures for pollution, technological risks and accidents which can have negative repercussions on the environment;

- Awareness of the company's staff and of the staff working on behalf of the organization and improvement of communication in order to ensure active participation in the achievement of the goals;
- Hazard removal and reduction of risks of occupational illness and injury at work;
- Consultation of employees regarding any aspect of occupational health and safety;
- Ensuring appropriate organizational framework for setting the objectives of the integrated management system quality - environment - health and safety;
- Permanent assessment of the risks/opportunities posed in the context in which the organization evolves and of the risks/opportunities related to the processes and determining the actions for their treatment.

The company's management pursues consistently the performance concerning quality, environment, occupational health and safety through the implementation, maintenance and continuous improvement of an Integrated Management System in accordance with the provisions of the reference standards for these areas.

The Integrated Management System for quality-environment-occupational health and safety is certified by the company DNV-GL Business Assurance Romania.

In 2019, the company was subject to external audit recertification according to the standards SR EN ISO 9001:2015, SR EN SR 14001:2015 and EN ISO 45001:2018. Following this audit, CONPET SA certifications in the areas of quality, environment, health and safety obtained since 2007 shall be maintained.

The quality of transport services

CONPET aims at fully satisfying customers' requirements and expectations, fulfilling the obligations undertaken under the Oil Concession Agreement and complying with the regulations and legal provisions at all times.

The main goals pursued by the company in order to ensure an adequate level of quality of the transport services are:

- Ongoing strengthening and development of the National Transport System by implementing the best technologies for the rehabilitation and modernization of the oil transport infrastructure, so as to ensure the present and future conditions of continuity and quality of the transport services;
- Increased safety in operation and reduced technological consumptions.
- Continuous improvement of the operational processes to ensure the high level of customer satisfaction through prompt, timely and cost-effective execution of the transport services.
- Maintenance of the Integrated Management System certifications according to the reference standards.

The main directions of action relating to service quality are the following:

- Ensuring the availability and timeliness of the transport services;
- Efficient solving of interventions on the transport installations without affecting customers and other stakeholders' interests;
- Optimization of technological consumptions of transported product.

The potential risks identified in this regard are as follows:

- The degradation of the National Transport System, reduced transport capacity, delays in delivery, decreased customer satisfaction, complaints;

- Identification of major non-conformities following the certification or surveillance audits and suspension/cancellation of certificates, which could have a negative impact on the image of the organization.

As a result of the measures taken by the company, the risks mentioned have been maintained at a low impact level. Effective control of risks has materialized through:

- documentation, implementation and procedure compliance measures;
- analyses carried out by the management and internal audits of the integrated management system;
- planning and execution of investment and repair works to the National Transport System;
- ensuring human resources with skills appropriate for conducting the main processes.

No major non-conformities have been identified as a result of the external audits for the surveillance of the integrated management system.

The indicators corresponding to the general quality goals, which refer to the increase of customer satisfaction and responsiveness in providing the transport service are:

- Accomplishment of the transport program with framing in the contracted technological consumptions;
- Compliance with the delivery time of the transported products;
- The number of complaints received from customers in a year with regards to the conformity of the transport service, with zero target value.

In 2019 the indicators have reached the target values laid down as follows:

- the transport program was made without exceeding the contractual limits of technological consumption;
- the delivery of transported goods was achieved according to the contract;
- there were no complaints from customers;

Environment

In the field of environmental protection, the management of CONPET has adopted an environmental policy specific to the company's activity, size and environmental impact, meant to provide a framework for establishing and analyzing the general and specific environmental goals.

Special emphasis was placed on issues related to the needs and expectations of stakeholders (including the demands of the authority) and local environmental conditions or regional that can affect or be affected by the organization, the way the risks and opportunities are treated related to environmental issues for prevention and limitation of their consequences on human health and the environment.

Aware that responsibility to the environment and community in which they operate are inextricably linked to the performance they want to achieve in their own activities and in accordance with sustainable development principles, CONPET has pledged through its environmental policy:

- To ensure compliance with legal and other requirements relating to environmental matters;
- To continuously improve performance in environmental protection activity, in particular by adopting prevention measures for pollution, technological risks and accidents which can have negative repercussions on the environment;

- To permanently assess the risks/opportunities posed in the context the organization evolves in and of the risks/opportunities related to the processes and determining the actions for their treatment;
- Awareness of the company's staff and of the staff working on behalf of the organization and improvement of communication in order to ensure active participation in the achievement of the goals and the environmental management program.

In terms of environmental protection and water management, CONPET activity is authorized in accordance with the provisions of EGO 195/2005 on environmental protection, as supplemented and amended and Water Law no.107/2005, with subsequent amendments and additions. According to the Ministry of Environment Order 1798/2007 approving the procedure for issuance of the environmental permit, the activity carried out by CONPET is an activity with significant environmental impact. Environmental permits remain valid throughout the period during which their clients obtain the annual visas - amendment to the Ordinance no. 75, normative act issued at the end of 2018.

During 2019 were reviewed environmental issues at the sites, significant environmental aspects being included in the "List of significant environmental aspects and associated impacts".

The update of the lists of environmental aspects and the associated impacts thereof, as well as their centralization is made whenever changes occur, such as:

- technology changes;
- upgrading or introducing new plant, equipment, use of other raw materials;
- occurrence of new requirements, environmental regulations or amendment of the existing ones;
- decommissioning of installations and equipment;
- preservation/restarting, termination of work points;
- after completion of actions arranged for treating ASM.

Given the significant environmental aspects identified at company level, the measures of inspection reports/minutes - authorities, concerning compliance with legal and other requirements, etc., it was drawn up the Action plan to achieve the company's environmental objectives.

Following the identification of environmental aspects for activities, products and services of the company significant environmental aspects have been retained, which are input and environmental management program.

Identification of environmental aspects and assessment of the company associated impact shall be carried out for:

- all activities included in the scope of the SMM.
- materials, goods and services that can generate environmental impacts that are supplied/manufactured by vendors/providers.
- new projects and developments/upgrades.
- facilities/equipment from a workstation whose operation has been partially or permanently stopped as a result of preservation, respectively of dissolution of work site and that generated or generate impacts on the environment.

The progress in achieving fixed objectives and targets is regularly reviewed in the Analysis carried out by the management.

Evaluation of conformity with the legal requirements and other requirements applicable to the environmental aspects has been ensured by: internal audits conducted by internal auditors from the Management Systems and Internal Control Management Department, inspections in all work sites and to different installations (tanks, pipelines, keyboards, etc.) conducted by the environmental authorities (representatives of the central and local environmental and water management authorities) and by HSEQ responsible from the sectors.

The environmental and water management authorities perform scheduled, not scheduled and thematic checks in CONPET locations regarding the compliance with the legal requirements and other environmental regulations, not being recorded major non-conformities. The personnel within the sectors, namely the HSEQ responsible perform scheduled inspections, as per the annual Chart of inspection with regards to the compliance of the legal requirements and other applicable requirements, but also unscheduled inspections as per the attributions of the job description.

Based on the "Annual Monitoring Program and measurement of the characteristics of the environmental factors" the environmental factors were monitored, the values recorded for each monitoring indicator being below the maximum limits provided for by the regulation, according to test reports issued by the approved laboratories.

In order to comply with the law on waste regime, the Prevention and reduction of quantities of generated waste was issued and implemented in CONPET. In order to manage properly the waste generated, there are concluded service contracts with companies operating in the collection, recycling, recovery and disposal of waste.

For emissions from stationary sources was calculated and paid the average fund according to EGO no.196/2005 on environmental fund methodology and fund contributions and taxes owed to the environment.

At the level of the company, in terms of environmental protection, the highest risks are those that may affect the soil and/or the quality of surface waters or groundwater. Crude oil transport is carried out in a closed system and, as a result, the pollution occurs only accidentally, due to technical failures (corrosion), breakage of the pipes for product stealing or natural disasters (floods, earthquakes, landfalls, etc.), all of them representing a risk hard to predict and to prevent in its entirety.

In the event of such situations, in accordance with the "polluter pays" principle, ecological restoration works for the land affected and the decontamination of water courses are carried out, taking into account that decontamination technologies adopted should ensure:

- Bringing pollutant concentrations below the alert threshold values;
- Bringing the site to its original, natural state, in the case of soil pollution;
- The quality of surface waters (realization of specific parameters corresponding to the quality classes for surface waters), in the case of surface water course pollution;
- Groundwater quality – in the case of groundwater contamination.

By the actions conducted, Conpet will ensure further compliance with legal and other requirements, will ensure safe operation, efficient and responsible of the National Transport System by providing the necessary financial resources in order to run the "Pipeline replacement program" and the "Safe disposal crossings program", the risk of occurring an accidental pollution being thus greatly diminished.

Occupational Health and Safety

Safety and health at work is today the joint concerns of technical and engineering disciplines, interested in finding the most appropriate ways and means of optimizing the human integration into the professional applications system.

The ultimate goal of work safety and health at work is:

- Protecting the life, integrity and health of workers against the risks of accidents and professional diseases that can occur in the workplace;
- creating working conditions that provide them stable physically, mentally and socially comfort;

The main directions of action relating to service quality are the following:

- Prevention and reduction of occupational diseases and accidents at work;
- Consultation and participation of workers on any aspect of health and safety at work;
- Ensuring appropriate organizational framework for setting the objectives of the integrated management system quality- environment- health and safety;
- Permanent assessment of the risks/opportunities posed in the context in which the organization evolves and of the risks/opportunities related to the processes and determining the actions for their treatment.

By means of the company's policy in this area the company permanently assumes the legal obligations incumbent on it in order to:

- ensure the safety and health of the workers in every aspect related to work,
- prevent professional risks,
- inform and train the workers,
- ensure the organizational framework and the means necessary for the occupational health and safety.

From the perspective of the obligations and responsibilities arising from the Law no. 319/2006 on safety and health at work and GD no.1425/2006 approving the Methodological norms for the application of the provisions of the Law on safety and health at work no. 319/2006, the conditions for health and safety at work and occupational accident and diseases prevention are ensured:

- prevention and protection activities are organized internally through the Prevention and Protection Office;
- hazards are identified and risks are assessed/reassessed for each component of the work system, i.e., execution person, work load, work means/equipment and work environment by jobs/work stations;
- based on risk assessment are drawn up Plans for Prevention and Protection both at company and sectoral level;
- in-house instructions (IHI-OHSs) are developed, updated and disseminated for supplementing and/or implementing the regulations on safety and health at work, taking account of the particularities of the activities, of the company and of the jobs/work stations;
- the duties and responsibilities for safety and health at work are set out incumbent upon the workers, corresponding to the functions exercised, which are specified in the job description;
- the appropriation and application by all workers is checked in respect of the measures provided for in the prevention and protection plan, the in-house Safety and Health at Work instructions, as well as the incumbent duties and responsibilities in the field of safety and health at work, as determined by the job description;
- conditions are provided to ensure that each worker receives sufficient and appropriate training in the field of safety and health at work, in particular in the form of information and work instructions specific to the job/work station;
- action plans are drawn up for the cases of serious and imminent danger and all workers are trained for their application;
- high and specific risk areas are set out and a record thereof is kept;
- the areas requiring occupational safety and health signaling and the necessary signaling type according to GD no. 971/2006 concerning the minimum requirements for the provision of safety and/or health signaling at work are determined;

- measures are taken to ensure equipment tracking, proper zoning, assuring/monitoring that checks and/or periodic tests of the work equipment are carried out on time and by competent persons, or other required activities according to the provisions of the Governmental Decision no. 1058/2006 concerning the minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres;
- occupational health and safety clauses are established upon the conclusion of the service contracts with other employers, including those concluded with foreign employers;
- authorization is organized for the exercise of trades and professions provided for by the specific legislation;
- personal protective equipment is provided in accordance with the internal regulation for the provision thereof;
- protective food is ensured;
- hygienic and sanitary materials are provided;
- the health of the workers is monitored through in-house medical practices and by contracting occupational medicine services;
- equipment not posing any danger to the safety and health of workers is provided.

In 2019, after control visits carried out by labor inspectors, no serious misconduct has been found, possibly generating injury and/or illness of workers; nonconformities are remedied by performing corrective measures ordered at no extra cost.

The starting point for optimization of efforts to prevent accidents and occupational disease at work is "Risk Assessment". In 2019 the company continued the development of the program for reappraisal of risk for each job/workstation and consequential and of the Prevention and Protection Plan. By implementing technical measures, organizational and sanitary related thereof, the level of risk within the company is 2.90%, the maximum permitted limit being 3.5%.

In February 2019 was started the "Program for implementation the differences or new requirements arising in the management system of health and safety according to SR ISO 45001: 2018"

Implementation was completed in September 2019, with the certification of the company on SR ISO 45001: 2018 by DNVGL body.

From the point of view of the obligations and responsibilities arising from the legislation in fire protection and civil protection with implications for safety and health of workers, are provided measures for prevention and intervention through fulfillment/compliance with applicable legal requirements and organizing the defense against fire in society:

- is established the Emergency Situations Office - structure with responsibilities in emergencies, specialized in risk prevention of occurrence of emergencies through guidance and control activities;
- are developed, updated and disseminated acts of authority;
- are developed, updated and disseminated documents and records specific for fire protection;
- is organized defense against fire for all work places;
- is organized the intervention of firefighting jobs;
- is organized the rescue and evacuation of employees and property;
- Private service for Emergency Situations is set, in accordance with the law;
- are determined, provided and maintained/duly verified the technical means of fire protection; are established organizational measures, materials and documents necessary for intervention in case of disasters;
- are identified, monitored and evaluated specific risk factors, generators of hazardous events; are identified types of risks generating natural and technological disasters; is provided assessment and analysis of potential risks on the possibility of their occurrence and consequences on people's lives, the environment and property;

- is established the Cell for Emergency Situations.
- are drawn fire safety instructions and responsibilities of employees at the workplace;
- are developed specific protection and intervention plans required by the legislation on fire protection and civil protection, ensuring verification of their implementation;
- are provided information and training activities on the means of knowledge, compliance and enforcement of the norms, of the technical regulations and provisions concerning fire safety and civil protection for all company personnel;
- is ensured the organization of training of employees and emergency bands within SPSU in emergency situations; participation in exercises and applications alarm, evacuation, intervention, limitation and elimination of consequences of fires or other disasters.
- are developed activities takes on the identification and assessment of risks during operation buildings, installations and facilities; activities regarding compliance with the provisions of laws and regulations for emergencies, exploitation buildings, installations and facilities.

From the point of view of the obligations and responsibilities arising from Law no. 59/2016 on the control of major accident hazards involving dangerous substances are provided prevention/action measures by performance/compliance with the applicable legal requirements:

- are established and provided measures to prevent major accidents involving dangerous substances and limit their consequences on human health and the environment;
- are developed "Safety Reports" and "internal emergency plans" for each location of the company classified as "upper-tier" or "prevention policy" for locations classified as "lower-tier";
- the staff employed in these locations is periodically trained on the relevant parts of that documentation;
- at the site level a responsible in charge with security management was appointed, by decision of the Director General.

In order to maintain and continuously improve the safety and health of workers in every aspect related to work, CONPET SA has developed and established the following plan on *short, medium and long term*:

1. Achievement of all necessary lines regarding Safety and Health at Work contained in the Plan of Prevention and Protection and in the Programs of measures resulting from checks/internal and external audits.
2. Permanent compliance with OSH legislation and other requirements/regulations to which the company subscribes, by implementing innovations in the field.
3. Creating an OSH culture through training and raising awareness of employees about the need to respect the rules of safety and health at work by:
 - the use of interactive teaching methods, accompanied by practical demonstrations;
 - empowering all staff in identifying, reporting and eliminating/reducing the dangers of accidents and professional diseases;
 - support and promote preventive thinking and behavior;
 - Involving all staff in adopting measures to continuously improve the working environment.
4. Continuous improvement of occupational health and safety by:
 - eliminating/reducing ongoing risks of accidents and occupational diseases;
 - conclusion of an occupational medicine contract with a specialized clinic;
 - integrating new employees in all the prevention and protection actions specific to the workplace;
 - developing programs to educate employees on occupational health, by adopting a healthy lifestyle;
 - improving internal communication and consultation on issues of safety and health at work;

- implementation of thematic programs of information on health and safety risks, use of modern methods, efficient and effective training.

Energy Policy

Energy policy of CONPET SA promotes the goals of continuous improvement of energy performance by the energy management system, by ensuring compliance with the legal provisions and other applicable requirements regarding energy consumption and energy efficiency, minimizing the loss of electricity and fuel to produce heat, reducing the costs related to energy, acquisition and use of energy-effective products and services.

The company carries out actions to raise staff awareness and improve communication in order to ensure active participation in the achievement of the energy goals and targets. In order to achieve the goals of this policy, the company is fully committed to maintaining and improving the energy management system in accordance with the provisions of the SR EN ISO 50001:2011 standard. As such, the energy management system has been implemented, aimed at continuously improving the energy performance of the organization and complying with the legal requirements regarding energy efficiency, a system certificated by the company DNV-GL Business Assurance Romania. As a result of the recertification audit in 2019, CONPET SA certification according to the SR EN ISO 50001:2011 standard is maintained.

Railway Safety Policy

Starting 2010, within CONPET SA the Railway safety management system is implemented and maintained. The field of application of this system includes the railway ramps where CONPET carries out railway shunting.

Through the railway safety policy, CONPET SA undertakes to act in order to achieve the common safety goals and the compliance with the safety requirements set out in the technical specifications for interoperability and the safety regulations of the European Union. The main directions for action are:

- compliance with the legal requirements in the performance of the railway shunting operations;
- hazard identification, evaluation and assessment of the risks associated with railway operations;
- determination of the safety measures appropriate to prevent accidents and incidents by rail;
- assuming the coordination of the safety management system activities at the level of the management and delegation of responsibilities within the organization;
- programs for staff training and skills maintaining for both the staff with management, training and control duties and the staff with responsibilities in railway safety.

The Romanian Railway Authority (RRA) (Ro. AFER) granted the company the License for carrying rail services (railway shunting) and Safety Certificate Part A for the railway safety management system implemented in CONPET SA.

For railway ramps where CONPET SA carries out railway shunting for third parties or on its own account, on an industrial track owned or not owned by the company, AFER granted Safety certificates part B, for railway ramps, as follows: Salonta, Suplacu de Barcău, Pecica, Berca, Marghita, Biled, Bărbătești, Imeci, Cireșu.

Social and Personnel Policy

The company's management develops and implements internal regulations used to establish the organization of the activity within the company by which the necessary resources are allocated effectively. The risks associated to the social and personnel field are identified and their potential adverse effects are kept to an acceptable level through appropriate measures for cancellation or mitigation.

The legal requirements in the HR and OHS areas at the level of the company are also complied with by the implementation and certification of the integrated management system. In addition, certain requirements are included in the Internal Regulations and the Code of Ethics and Integrity.

Competent, motivated and honest employees represent the essential element for the successful completion of the company's goals, being the most important resource for the proper conduct of the business.

The main actions taken with respect to these issues are materialized by:

- the provision of optimal work conditions;
- transparent processes for recruitment based on professional competence and experience;
- promotion of employees that behave ethically and have proved integrity;
- assessment of professional performance based on professional and personal skills criteria;
- allocation of sufficient resources for the training and continuous improvement of the staff;
- health care (regular medical checks and assessments, monitoring the health status of the employees, insurance contracts for medical services for the benefit of the employees);
- providing additional wage benefits in the form of voluntary health insurance, as regulated in art. 222 al.9 of the Collective Labor Agreement, the ultimate goal being to prevent loss of working capacity of employees;
- social facilities provided for in the Collective Labor Agreement (meal vouchers, covering part of the cost of tickets for rest and treatment, facilities for the practice of physical activities in the sports base of the company, financial support to the employees and, in exceptional circumstances, to the members of their families (husband, wife, children supported by them), who have special medical problems, as well as to the employees who suffered significant damage from earthquakes, landslides or floods or other natural phenomena, fires, etc.);
- supporting trade union activity, communication and ongoing consultation with the trade union organization.

The main potential risks in the social and staff field relate to:

- high personnel fluctuation, decreased rate of retention of newly hired personnel or occupying key positions;
- insufficient financial resources allocated for maintaining and improving working conditions or for preventive medical actions and measures;
- constraints and budget limitations that can restrict the initiation/development of projects in the field of human resources;
- improperly managed communication;
- lack of qualified personnel in order to ensure the continuity of certain activities (e.g. staff with responsibilities in traffic safety) in the case of departures from the system.

The effects of these potential risks may consist in the increase of the medical leave expenses incurred by the company, increased absenteeism, decreased quality of the transport services, decreased

efficiency, increased recruitment costs, adverse incentive of the employees or trade union conflicts. The company has managed, through the measures taken, to maintain the social and staff risks at a low level.

To manage the risks in this field, the company has taken the necessary measures to ensure the security and protection of the employees' health, to prevent occupational risks, to inform and train the employees and to ensure the organizational framework and the necessary means for occupational health and safety, including for specific risk-sensitive groups.

Therefore, in-house instructions have been developed for the application of the regulations concerning the safety and health at work, taking account of the particularities of the activities and of the jobs in the company. Furthermore, labor protection measures have been taken, specific for certain occupations or activities.

In drawing up the measures for the safety and health at work, the company's management advises with the Trade Union or, as appropriate, with the representatives of the employees and with the Occupational Health and Safety Committee.

The staff is informed and trained about the risks to the safety and health of the employees and to the protection and prevention measures specific to the workplace..

In terms of gender equality, each employee of the company is free to develop their own skills and to express their choices without being influenced by the peculiarities of their gender.

The different behaviors, aspirations and needs of women and men enjoy equal appreciation and promotion within CONPET SA.

The Internal Regulations of the company include provision for the prohibition of all forms of discrimination.

From the percentage of 34.40% of the total personnel with higher education, 12.57% is represented by women. At the same time, women represent a percentage of 31% from the total personnel with management and/or coordination positions in the company. Achieving this weight ensures women's participation in decision-making and management at all levels and in key areas of activity of the company.

Thus, according to the organization chart in force on 31.12.2019, the entities Deputy Director General and Economic Directorate are led by women. Promoting equality at work is synonymous with significant economic benefits.

By elimination of all forms of discrimination within the company, women are free in the choice of their occupation upon their employment on any vacant job and at all levels of the professional hierarchy. This creates non-discriminatory conditions for career advancement, for work remuneration in relation to the professional skills and the quality of the work carried out and for the participation in professional qualification / re-qualification, improvement and specialization programs.

The company guarantees for all employees, regardless of gender, the application of the payroll equality principle and of the right to other benefits paid by the employer to the employees, directly or indirectly, in cash or in kind, in accordance with their job.

The Conventions of the International Labor Organization (ILO), considered as fundamental labor principles and rights, relate to trade union freedom and trade union right protection, the effective recognition of the right of collective organization and bargaining, the elimination of all forms of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation, and represent guidelines and useful tools for the preparation of the internal policies of the company concerning employment, work, social dialogue, etc.

The company informs employees consistently and permanently on the provisions of the Collective Labor Agreement, the Code of Ethics and Integrity and the Internal Regulations, a document containing special chapters on the rights they have in connection with the compliance with the equality of opportunities and treatment between men and women in labor relations.

Trade union freedom and collective bargaining ensures a good cooperation and consultation between the workers and the employer, leading to a decrease in the number of labor conflicts and a higher social stability

The employees of CONPET SA receive adequate protection against any discriminatory acts that might infringe trade union freedom.

The practice of collective bargaining in CONPET SA guarantees that the worker and the employer have an equal share in the negotiations and that the decisions made will be fair and equitable. Starting from the premise that social dialogue is an important factor for socio-economic progress, considered as one of the pillars of the European social model, essential for: the promotion of decent working conditions, transparent regulations regarding working rules, respect for employees and performance, productivity and profit for employers, collective bargaining has allowed the social partners to negotiate a fair employment relationship and to prevent labor disputes.

The activities and actions for entertainment and networking for employees have been conducted between the trade union and employees, between the employees and family members, activities in partnership with public educational institutions, culture, various events at which personalities have been invited, etc.

CONPET SA promotes a transparent business climate, communication and cooperation with all the parties involved in the conduct of its business, with respect for the community and the environment. CONPET S.A. supported, through sponsorship actions, projects of tradition or with significant impact on the community, but also requests of less amplitude targeting ideas, actions or individual performance.

Ethics and Integrity in Business, fighting corruption

CONPET SA promotes fair business relationships and pursues legal compliance in all commercial transactions and activities carried out, acting for the deterrence, prevention and combating of corruption deeds.

By the Code of Ethics and Integrity the company has established the rules of conduct governing corporate values, responsibilities, obligations and business conduct, binding rules applicable to all employees, from all the organizational structures of CONPET SA.

The Code of Ethics defines honest conduct and behavior, prohibits participation of employees in decision-making in situations where there is a conflict of interest, imposes restrictions in terms of offering/accepting gifts, favors or services, establishes the obligations of the employees with regard to the protection of the company's assets and resources, specifies how to relate with the authorities based on the principles of fairness, transparency and good collaboration and mentions the rules of conduct during national and international trips. Clear rules are also laid down in respect of the relationships with the shareholders concerning equal treatment and privileged information and the use of honest and legal practices in the relationships with the business partners.

All employees of the company have been informed through various means of communication (electronic mail, posting on the company's website, presentation sessions conducted by the Integrity Office, direct communication from the workplace heads) on the implementation of NAS and the provisions of the Integrity Plan.

At the level of CONPET SA, it was approved, by Annex to the Decision of the Director General no. 650/30.08.2018, the Integrity Plan, having 27 measures to implement in applying the National Anti-Corruption Strategy (NAS) 2016 – 2020. Among these 27 measures, 25 measures have been implemented within by the end of 2019, two measures still to be implemented (implementation of the concept whistle blower and policy on gifts and starting specific interventions for the implementation of ISO 37001) with the term until the end 2020.

In addressing remaining measures to implement in 2020, in December 2019 was developed and approved the operational procedure "whistle blower protection" and was initiated the integrity warning button on Conpet site.

At the end of 2019, the planned measures in the integrity plan for this year have been implemented in proportion of 100%, the target key performance indicators (KPIs) being met.

No cases of conflicts of interest or integrity alerts have been recorded in 2019.

Issues related to the Diversity Policy in terms of Administrative and Managerial Bodies

CONPET SA is a company listed on Bucharest Stock Exchange and, according to the capital market legislation, the decision for the appointment of the members of the Board of Administration belongs to the shareholders. For this reason the company is not in a position where it can influence issues of diversity and could not adopt a policy on diversity in terms of administrative and management bodies.

However, the proposals for candidates and the result of the vote in elections have provided each time an appropriate degree of diversity in terms of profile of administrators, coverage of professional expertise areas or age thereof.

The current Board of Administration includes six men with professional experience in economics, engineering and law.

6. PROPOSAL OF THE BOARD OF ADMINISTRATION

6.1 Approval of the financial statements concluded at 31.12.2019

6.2 Approval of the allocation of net profit related to the financial year 2019 and of certain amounts from the retained earnings, as follows:

- a) distribution of net profit of 2019, reunited with the provision for employees' share of profit, amounting to 65,317,598 RON, on the following lines:
 - employees share of profit: 6,440,879 RON (9.86%);
 - other reserves representing tax incentives provided by Law no. 227/2015 regarding the Fiscal Code - reinvested earnings: 1,119,275 (1.71 %);
 - dividends due to shareholders: 57,757,444 RON (88.43 %) resulting in a gross dividend amount proposed to be granted to shareholders in the amount of **6.67135515** RON/share.
- b) distribution of retained earnings representing surplus from revaluation reserves in the amount of 4,399,439 RON, of which:
 - for covering the retained earnings representing actuarial loss from discount of benefits granted upon retirement: 983,674 RON
 - deferred result from correction of accounting errors 117,625 RON;
 - dividends due to shareholders: 3,298,140 RON resulting in a gross dividend amount proposed to be granted to shareholders in the amount of **0.38095632** RON/share.

The Board of Administration

By the Chairman

Gheorghe Cristian- Florin

ANNEXES

- 1) The Articles of Incorporation in force, updated at the date of 18.12.2018;
- 2) C.V.- s of the current administrators;
- 3) Resignation papers administrator Pavăl Karina;
- 4) Objectives and financial and non-financial key performance indicators for Directors with mandate contracts achieved between 01.01.2019-31.12.2019;
- 5) Report on the internal control management system at 31.12.2019;
- 6) List of the important contracts concluded by the company in 2019;
- 7) List of litigations at 31.12.2019.

ARTICLES OF INCORPORATION

of the Company “CONPET” S.A.

CHAPTER I NAME, LEGAL FORM, HEADQUARTERS, DURATION

Art. 1 Name of the Company

- (1) The company name is „CONPET” S.A. (herein-after called also the „company”).
- (2) In all documents, invoices, notices, publications and generally, in the company correspondence, the name thereof will be preceded or followed by the words „societate pe actiuni” (Eng. joint-stock company) or by the initials „S.A.”, stating the headquarters, subscribed and paid-up share capital, tax registration number and Trade Registry number.

Art. 2 Legal Form of the Company

- (1) „CONPET” S.A. is Romanian legal person, incorporated as a joint-stock company.
- (2) „CONPET” S.A. is a publicly held company.
- (3) The Company is operating in compliance with the provisions of this Articles of Incorporation, of Law no. 31/1990 regarding the companies, of EGO no. 109/2011 regarding the corporate governance of the public enterprises, of the Civil Code and of all other laws and regulations applicable to the companies.
- (4) The emblem (logo) of the company is made up by the joining of two elements: in the left side, the symbol and in the right side, the company name (logotype). The symbol represents a set made of two drops: a green one and a blue one; the green drop is pointing top right (1 o’clock), while the blue drop is pointing down left (7 o’clock). The company name - „CONPET” S.A. - is placed right of the symbol, has a proportional dimension in relation hereto, is written in block letters, Italic, and in the same color with the blue drop.

Art. 3. The Company Headquarters

- (1) The company headquarters is in Romania, no. 1-3 Anul 1848 Street, Ploiesti city, Prahova county. The company headquarters may be changed to other locality from Romania, based on the Resolution of the Extraordinary General Meeting of Shareholders, as per the law.
- (2) The company may also incorporate and disincorporate other sub-units (secondary establishments, work sites, branches, agencies, representative agencies, or other types of sub-units with no legal personality), to be found in the same locality and/or in other localities, in the country or abroad, under the law and as per this Articles of Incorporation, by the approval of the Board of Administration. The secondary establishments (work sites) of the company are comprised in Annex 2 to the Articles of Incorporation.

Art. 4 Company Duration

The lifetime of the company is unlimited, starting the date of registration at the Trade Registry under no. J29/6/22.01.1991.

CHAPTER II

SCOPE, OPERATING AREA AND CORE BUSINESS OF THE COMPANY

Art. 5 Company Scope

The company is the concessionaire of the National Crude Oil, Rich Gas and Liquid Ethane Transport activity, inclusive of the major pipelines and equipment, installation and facilities related to the System, quality acquired by the conclusion with NAMR, in 2002, of the Oil Concession Agreement approved pursuant to GD no. 793/2002.

Art. 6 Main Business Area and Core Business of the Company

- (1) The main business area is „Transport through pipelines”- NACE Code 495.
- (2) The core business of the company is „Transport through pipelines” - NACE Code 4950.

Art. 7 Secondary Lines of Business

0150 Activities in mixed farming (crop and animal production),
0910 Support activities for petroleum and natural gas extraction,
1011 Processing and preserving of meat,
1012 Processing and Preserving of poultry meat,
1013 Production of meat, including poultry meat products,
1020 Processing and preserving of fish, crustaceans and mollusks',
1031 Processing and preserving of potatoes,
1032 Manufacture of fruit and vegetable juice,
1039 Processing and preserving of fruits and vegetables,
2529 Manufacture of tanks, cisterns and containers of metal
2593 [Manufacture of wire products, chains and springs](#)
[3313 Repair of electronic and optical equipment](#)
3314 Repair of electrical equipment
[3319 Repair of other equipment](#)
[3320 Installation of industrial machinery and equipment](#)
3513 Distribution of electricity
[3530 Steam and air conditioning supply](#)
3600 Water collection, treatment and supply
3700 Sewerage
3811 Collection of non-hazardous waste
3821 Treatment and disposal of non-hazardous waste
3900 Remediation activities and other waste management services
4321 Electrical installation
4329 Other construction installation
4511 Sale of cars and light motor vehicles (< 3.5 tons)
4519 Sale of other motor vehicles
4520 Maintenance and repair of motor vehicles
4671 Wholesale of solid, liquid and gaseous fuels and related products
4676 Wholesale of other intermediate products
4677 Wholesale of waste and scrap
4690 Non-specialized wholesale trade
4711 Retail sale in non-specialized stores with predominant sale of food, beverages or tobacco,
4719 Retail sale in non-specialized stores with predominant sale of non-alimentary products,
4721 Retail sale of fresh fruits and vegetables in specialized stores,
4722 Retail sale of meat and meat products in specialized stores,
4723 Retail sale of fish, crustaceans and mollusks in specialized stores,

4724 Retail sale of bread, cakes, flour and sugar confectionery in specialized stores
4730 Retail sale of automotive fuel in specialized stores
4920 Freight rail transport
4939 Other passenger land transport
4941 Freight transport by road
5210 Warehousing and storage
5221 Service activities incidental to land transportation
5224 Cargo handling
5229 Other transportation support activities
5510 Hotels and similar accommodation
5610 Restaurants
5629 Other food service activities
5829 Other software publishing
6110 Wired telecommunications activities
6120 Wireless telecommunications activities
6203 Computer facilities management activities
6209 Other information technology and computer service activities
6311 Data processing, hosting and related activities
6810 Buying and selling of own real estate
6820 Renting and operating of own or leased real estate
7112 Engineering activities and related technical consultancy
7120 Technical testing and analysis
7219 Research & Development on natural sciences and engineering
7711 Renting and leasing of cars and light motor vehicles
7712 Renting and leasing of trucks
7721 Renting and leasing of recreational and sports goods
7732 Renting and leasing of construction and civil engineering machinery and equipment
7733 Renting and leasing of office machinery and equipment (including computers)
7739 Renting and leasing of other machinery, equipment and tangible goods n.e.c.
8299 Other business support service activities n.e.c.
8559 Other education n.e.c.
8610 Hospital assistance activities
8690 Other human health activities
9311 Operation of sports facilities
9329 Other leisure and fun activities.

CHAPTER III SHARE CAPITAL, STOCKS

Art. 8 The Share Capital

- (1) The total share capital of "CONPET" S.A. amounting 28,569,842.40 Lei is subscribed and entirely paid-up.
- (2) The share capital of the company is divided into 8,657,528 nominative shares issued in dematerialized form, 3.3 Lei nominal value each.
- (3) The shareholding structure, in compliance with the consolidated synthetic shareholding structure at reference date 22.01.2015, is the following:

The Romanian State, by the Ministry of Energy, Small and Medium-sized Enterprises and Business Environment (line ministry or successors thereof, as per the Law)

Number of shares: 5,083,372

Contribution value to the share capital: 16,775,127.60 Lei

Share on benefit and loss: 58.7162%

SHAREHOLDERS LEGAL PERSONS

Number of shares: 2,920,264

Contribution value to the share capital: 9,636,871.20 Lei

Share on benefit and loss: 33.7309%

SHAREHOLDERS NATURAL PERSONS

Number of shares: 653,892

Contribution value to the share capital: 2,157,843.60 Lei

Share on benefit and loss: 7.5529%

Art. 9 Increase or Decrease of Share capital

- (1) The share capital may be decreased or increased based on the Resolution of the Extraordinary General Meeting of Shareholders, under and in compliance with the procedure stipulated by law.
- (2) The Extraordinary General Meeting of Shareholders shall decide upon the augmentation of the share capital, in compliance with the legal provisions in force at the date of the augmentation thereof.
- (3) The share capital could be augmented by:
 - a) The issue of new shares;
 - b) Augmentation of the nominal value of the existing shares;
 - c) Incorporation of reserves, except for the legal reserves, as well as of the benefits and share premiums;
 - d) Compensation of certain liquid debts exigible to the company, by shares thereof;
 - e) Other sources, set by the General Meeting of Shareholders or Board of Administration, as the case may be, as per the law;
- (4) The Resolution of the Extraordinary General Meeting of Shareholders for the augmentation of the share capital shall be published in the Official Gazette of Romania, Part. IV, being granted, for the exercise of the right of first refusal, at least one-month deadline, starting the publishing date.
- (5) The reduction of the share capital is being made under the law.
- (6) The share capital could be reduced by:
 - (a) The diminution of the number of shares;
 - (b) Reduction of the nominal value of shares;
 - (c) Acquirement of own shares, followed by the cancellation thereof;
 - (d) Other processes stipulated by law;
- (7) The reduction of the share capital can be done only following two months as of the date of publishing in the Official Gazette of Romania Part IV, of the Resolution of the Extraordinary General Meeting of Shareholders, as per the legal provisions.
- (8) If the Board of Administration establishes that, following certain losses established based on the annual financial statements approved as per the law, the net asset of the company, determined as a difference between total assets and total liabilities thereof, lowered to less than half the value of the subscribed share capital, then the Board will convene immediately the Extraordinary Meeting of Shareholders, to decide upon the dissolution of the company.
- (9) The Board of Administration will present to the Extraordinary Meeting of Shareholders convened as per the here-above paragraph, a report regarding the patrimonial situation of the company, accompanied by observations of the internal auditors. This report must be submitted to the company headquarters by at least one week prior to the General Meeting, as to be consulted by any interested shareholder.
- (10) If the General Meeting does not decide upon the company dissolution, then the company is bound, up to the end of the financial year previous to the one the losses have been ascertained in relation hereto, to proceed to the reduction of the share capital by an amount at least equal to the amount of the losses that could not be covered from reserves, if all this time, the company net asset was not restored up to a value level that equals at least half the share capital.

Art. 10 The Shares

- (1) The rights and liabilities related to the shares held by the shareholders stipulated at Art. 8, Para. (3), are being exercised by the respective owners.
- (2) The company shares are nominative and comprise all the elements stipulated by law. The nominal value of one share is 3.3 Lei. The shares are being issued in dematerialized form and are being registered in the Shareholders' Registry, the record thereof being held by Depozitarul Central S.A. Bucharest, "CONPET" S.A. has concluded a contract with.
- (3) The shares are being recorded in the Shareholders' Registry in book-entry form. The certification of the property right over shares is being made by way of a statement of account.
- (4) The shares issued by the company may be subject to usufruct or may be pledged, under the law.
- (5) The trading of shares is being performed on the securities regulated market, as per the legislation in force regarding the capital market.
- (6) The company may acquire own shares under the law.
- (7) The "CONPET" S.A. employees have the right to purchase company shares from the State, up to the limit of the share capital set by the general meeting of shareholders and at the same selling price of the shares in case of privatization.

Art. 11 Bonds

- (1) The company can issue bearer or nominative bonds, for an amount that is to be approved in the Extraordinary General Meeting of Shareholders.
- (2) The amount for which can be issued bonds should not exceed three quarters (3/4) of the paid-up share capital existing as per the latest approved financial statements.
- (3) The nominal value of one bond cannot be smaller than 2.5 Lei and the nominal value convertible in shares should equal the nominal value of the share.
- (4) The bonds, part of the same issue must be equal in value and grant equal rights to their holders.
- (5) The shares may be issued in a material form, on paper form or in dematerialized form.
- (6) The issue and trading of the bonds that are subject to a public tender shall be subject to the law regarding the securities and stock exchange.
- (7) The bond holders may be represented by authorized agents, other than the company administrators, directors or employees.
- (8) The company is authorized to issue bonds, under the law.

Art. 12 The Rights and Liabilities incurred by the Shares

- (1) All shares have equal value and guarantee equal rights and liabilities to their holders.
- (2) Every subscribed and paid-up share, as per the law, guarantees the right to vote in the General meeting of Shareholders, the right to elect and be elected within the governing bodies, the right to take part to the distribution of dividends as per the provisions of this Articles of Incorporation and legal provisions, as well as other rights stipulated by law and the Articles of Incorporation.
- (3) The holding of shares involves the as of right acceptance of the Articles of Incorporation.
- (4) The rights and liabilities corresponding to the capacity of share holder observes the legal regime of the shares at their passing to other persons' property.
- (5) The company liabilities are guaranteed with the company's assets, representing the general pledge of the company creditors, and the shareholders are liable in connection therewith, limited to the subscribed share capital.
- (6) The company's Asset cannot be subject to debts or other personal liabilities of the shareholders. Any shareholder's creditor may issue claims against the party out of the receivable benefits of the shareholder, following the approval of the annual balance sheet or any stake due to him upon the company liquidation, made under the law and this Articles of Incorporation. The creditors may, though,

garnish, during the company life, the stakes that would be due to the associates upon liquidation or may sequestrate and sell the shares to their debtor.

(7) The shareholders have the right to be given correct and complete information regarding the company status in the General Meeting of Shareholders. In case of the issue of new shares, the existing shareholders benefit from the right of first refusal upon subscription, under the law.

Art. 13 Disposal of Shares

- (1) The company shares are indivisible.
- (2) In any relationship with the company, this one acknowledges one or more owners for every share. Whenever a nominative share becomes property of more persons, the conveyance shall not be recorded unless these persons nominate one representative to exercise the rights resulting from the share.
- (3) The ownership right over the shares issued in dematerialized form and traded on the regulated securities market shall be submitted in compliance with the legislation regarding the capital market.
- (4) The direct transactions will be operated by Depozitarul Central S.A. Bucharest.
- (5) The Company shares related transactions shall be made as per the legislation in force applicable to the organized securities markets.

CHAPTER IV **THE GENERAL MEETING OF SHAREHOLDERS**

Art. 14 The Representation

- (1) The majority shareholder of "CONPET" S.A. is the Romanian State. The rights and duties of the Romanian State, acting as majority shareholder, shall be exercised, within the General Meetings of Shareholders, by the line ministry coordinating the company business, by way of specific normative acts, by specially designated representatives, as per the legal provisions.
- (2) The Romanian State representatives in the General Meeting of Shareholders are being nominated and revoked by order of the line ministry. The voting right of the State representative in the General Meeting of Shareholders "CONPET" S.A. will be exercised based on the special power of attorney submitted to the company in compliance with the legal provisions regarding the capital market and the other applicable regulations, the special empowerment being likely to be accompanied by an Order of the line Minister/instruction for the General Meeting.

Art. 15. Duties

- (1) The General Meeting of Shareholders is "CONPET" S.A. management body, who decides upon the company business and trade and economic policy, as per the option of the shareholders present or represented during the meeting;
- (2) The General Meetings of Shareholders are ordinary and extraordinary.
- (3) The Ordinary General Meeting of Shareholders meets at least once a year, in no more than 4 months as of the conclusion of the financial year and has the following competencies, duties and functions:
 - a) Discuss, approve or modify the annual financial statements, based on the administrators' or the financial auditor's report;
 - b) Elects and revokes the administrators as per the law;
 - c) Approves the administration plan issued and presented by the Board of Administration, as well as the revision thereof;
 - d) Appoints or revokes the financial auditor and sets the minimum duration of the financial auditing contract;
 - e) Sets the remuneration level and any other amounts and advantages due to the administrators for the current financial year, as well as the general limits of the remuneration of the Director General;

- f) Approves the Organizational and Operational Rules and Regulations governing the Board of Administration and sets-out the competencies thereof;
- g) Approves the income and expenditure budget (Rom. BVC) and the investment program for the next financial year, as well as the BVC rectification;
- (h) Approves the profit distribution as per the provisions of the normative acts in force and the fixing of dividends;
- (i) Passes judgments over the administrators management and the means to recover the losses they have caused to the company;
- (j) Decides upon pledging, leasing or dissolution of one or several company units;
- (k) Fulfils any other duty, set under the law, as being borne by them.

(4) The Extraordinary General Meeting reunites whenever necessary in order to decide upon:

- a) Changing the legal form of the company;
- b) Changing the location of the company headquarters;
- c) Changing the scope of activity of the company;
- d) Establishment or disestablishment of subsidiaries;
- e) Extending the company's life;
- f) Augmentation of the share capital;
- g) Reduction of the share capital or replenishment thereof by issue of new shares;
- h) Merger with other companies or division thereof;
- i) Anticipated dissolution of the company;
- j) Conversion of the shares from one category into another;
- k) Conversion of a category of bonds into another or into shares;
- l) Bonds issuance;
- m) Amendment of the nominal value and number of shares;
- n) Decides upon the contracting of average and long term bank loans, here-included the external ones; establishes the competencies and level for contracting the current bank loans, of the trade loans, as well as the level of the guarantees;
- o) Decides upon the participation, as per the law, at the establishment of new legal persons or at the association with other legal or natural persons from the country or abroad;
- p) May delegate to the Board of Administration the execution of the attributions mentioned at Art. 15, paragraph (4), letters b), c) and f). The delegation of the task stipulated at Art. 15, paragraph (4) letter c) cannot concern the main business area and core business of the company.
- q) Decides on what market are to be traded the securities issued by the company and chooses the authorized independent registrar that keeps record of the shares issued by the company;
- r) Any other amendment of the Articles of Incorporation, or any other Resolution for which is being asked the approval of the Extraordinary General Meeting of Shareholders.

Art.16 Call of the General Meeting of Shareholders

- (1) The General Meeting of Shareholders is being convened by the Board of Administration, whenever necessary.
- (2) The call of the General Meeting of Shareholders shall comply with the legal provisions regarding the companies, as well as the regulations regarding the capital market and provisions of this Articles of Incorporation. The meeting deadline cannot be less than 30 days as of the publishing of the Convening Notice in the Official Gazette of Romania, part IV.
- (3) The convening notice shall comprise the venue, date and time of the meeting, as well as the Agenda, with the explicit mention of all the issues that shall make the object of the meeting debates. Equally, the convening notice shall comprise the reference date, the proposal of the Board of Administration regarding the registration date, ex-date and the due date for dividends payment. Where on the Agenda is being entered the election of the administrators, the Convening Notice will

mention also the due date up to which may be submitted the candidacies, as well as the fact that the list comprising information regarding the name, place of domicile and professional qualification of the persons proposed for the administrator capacity is made available to the shareholders who can consult and complement it.

The convening notice will mention the means to distribute the information regarding the issues included on the Agenda of the General Meeting of Shareholders, as well as the date as of which they will be available, the means of obtaining the special empowerment form for representation in the general meeting, the limit date and place where will be submitted the special empowerments. When on the Agenda are included proposals for the amendment of the Articles of Incorporation, the Convening Notice should comprise the full text of the proposals.

- (4) By way of the Convening Notice for the first general meeting could be set the date and time for the second meeting, for the situation when the first one could not be held. If the day of the second general meeting is not mentioned in the convening notice, the meeting could be convened in 8 days as of the publishing of the second call in the Official Gazette of Romania, part IV.
- (5) The Board of Administration calls urgently the general meeting of shareholders, at the request of the shareholders representing, individually or together, at least 5% of the share capital and if the request comprises provisions that fall under the attributions of the general meeting. The meeting will be convened in no more than 30 days and shall take place in no more than 60 days as of the date of the receipt of the request.
- (6) One or more shareholders representing, individually or collectively, at least 5% of the share capital have the right to ask the inclusion of new items on the Agenda. The requests are being filed to the Board of Administration, in no more than 15 days as of the convening notice publishing date, for publishing thereof and bringing to the attention of the other shareholders. In case the Agenda comprises the appointment of the administrators and the shareholders are willing to formulate application for candidacies proposals, the requests shall include information regarding the name, place of domicile and professional qualification of the persons proposed for the said positions. The Agenda completed with the items advanced by the shareholders, subsequent to call, must be published by the observation of the same requirements stipulated for the call of the general meeting, by at least 10 days prior to the general meeting, at the date mentioned in the initial convening notice.
- (7) The annual financial statements, the annual report of the board of administration, as well as the proposal regarding the distribution of dividends shall be made available to the shareholders at the company headquarters, as of the call date of the general meeting. The company shall make available to the interested shareholders, all along the period starting at least 30 days prior to the date of the general meeting, no later than and inclusive of the meeting date, the documentation and informative materials that are to be exposed to the general meeting of shareholders, corresponding to every item on the Agenda, as well as other information stipulated by Law. Upon request, the shareholders will be issued copies of these documents. The amounts levied for the issue of copies cannot exceed the administrative expenses triggered by the supply thereof.
- (8) Every shareholder may address to the board of administration, in writing, questions regarding the company business, prior to the date of the general meeting, within the time frame stipulated in the convening notice of the general meeting; an answer is to be given during the meeting.

Art. 17. Organization of the General Meeting of Shareholders

- (1) For the validity of the deliberations of the ordinary general meeting of shareholders, are necessary:
 - (a) In first call, the presence of the shareholders (here-included the votes by correspondence) representing at least half (1/2) of the total number of voting rights and the resolutions be taken with the majority of expressed votes.
 - (b) In second call, notwithstanding the number of the shareholders present or represented and the value of the represented share capital and resolutions be taken with majority of expressed votes.
- (2) For the validity of the deliberations of the extraordinary general meeting of shareholders, are necessary:
 - a) In first call, the presence of the shareholders (inclusive of the correspondence votes) representing at least half (1/2) of the total number of voting rights;

- b) In second call, the presence of the shareholders representing at least one third (1/3) of the total number of voting rights;
- c) The resolutions are made with the majority of the votes held by the present or represented shareholders, both in first call and second call;
- d) The resolution to amend the company's core business, to reduce the share capital, augment in cash the share capital, change the legal form, merge, divide or dissolve the company are being made by a majority of at least two thirds (2/3) of the voting rights held by the present or represented shareholders.

(3) By way of derogation from the above provisions, the following resolutions of the extraordinary general meeting of shareholders shall be made by the vote of the shareholders representing at least three quarters (3/4) out of the share capital of the company, in first call or any other subsequent call, as follows:

- a) The resolutions regarding the bond issue;
- b) Waiving the right of first refusal of the shareholders upon the subscription of new shares in case of the share capital augmentation in cash;
- c) The share capital augmentation in kind.

(4) The general meeting of shareholders is opened and presided by the chairman of the board of administration or in absence thereof, by the person substituting him. The general meeting shall elect, from the shareholders present, up to three secretaries that will check the attendance list for the shareholders, pointing out the share capital every person represents, the protocol prepared by the internal auditor and the technical secretariat of the meeting to ascertain the fulfilment of all formalities required by law and the Articles of Incorporation for holding the session.

(5) A protocol, signed by the President and the Secretary, is to ascertain the fulfilment of the summoning formalities, the date and venue of the general meeting, the present shareholders, the number of shares, the summaries of the argumentation, the resolutions made, and upon the request of the shareholders, the statements they took during the meeting. The protocol will be attached the documents regarding the first call as well as the shareholders' attendance lists.

The protocol shall be consigned in the registry of the general meeting, which is sealed and stamped.

(6) The Chairman of the Board of Administration may nominate, out of the company employees, one or more technical secretaries, to take part to the execution of the above mentioned operations and also to the drafting and signing of the minutes of the meeting.

(7) At the ordinary and extraordinary general meetings of shareholders, where are being discussed issues regarding the work relations with the company personnel, shall also be invited the President of the Union.

Art. 18 Exercising the Right to Vote during the General Meeting of Shareholders

- (1) The resolutions of the general meetings are taken in open vote.
- (2) At the proposal of the person presiding the general meeting, or of a group of present or represented shareholders, holding at least (1/3) of the total number of votes, could be decided that the vote be secret in other cases as well, other than those stipulated by law.
- (3) The secret vote is compulsory for the election of the members of the board of administration and financial auditor, for the revocation thereof and for making the resolutions regarding the responsibility of the members of the company administration, management and control bodies.
- (4) The voting right cannot be transferred. Any convention otherwise specified is null.

- (5) At the meeting may take part and vote exclusively the shareholders registered at the Reference Date, in person or by representatives, based on a special or general empowerment, as per the legal provisions. The shareholders may also vote by correspondence, in compliance with the procedure mentioned in the convening notice of the general meeting and the applicable legal provisions.
- (6) The shareholders lacking exercise capacity, as well as the shareholders legal persons may be represented by their legal representatives who, in their turn, may empower other persons for that general meeting.
- (7) In case of the vote by representation, the special/general empowerments and the accompanying documents shall be submitted to the company, at least 24 hours prior to the general meeting, under the sanction of losing the right to exercise one's voting right during that meeting. The special/general empowerments can also be submitted electronically, with the electronic signature included/attached. The Protocol shall include a mention regarding the received empowerments.
- (8) The members of the board of administration, the Director General or the company employees can not represent the shareholders, under the sanction of nullity of the Resolution if, in absence of the vote thereof, would not have been obtained the requested majority.
- (9) The Director General and the members of the administration board are bound to take part to the general meetings of shareholders.
- (10) In order to be opposable to third parties, the resolutions of the general meetings shall be submitted in 15 days to the Trade Register Office in order to be recorded in the log-book and published in the Official Gazette of Romania, Part. IV.
- (11) Following every amendment of the Articles of Incorporation, the administrators shall file, at the Trade Registry, in no more than 15 days, the amendment and the full text of the Articles of Incorporation, updated with all amendments, which will be recorded pursuant to the resolution of the delegated judge.
- (12) The resolutions made by the general meetings of shareholders within the Law and this Articles of Incorporation are binding even for the shareholders that did not attend the meeting or voted against.
- (13) The resolutions of the general meeting of shareholders which are not compliant with the law or the Articles of Incorporation may be filed to Court, under the conditions and in compliance with the procedure stipulated by Law.
- (14) The shareholders that did not vote in favor of a resolution of the general meeting regarding the amendment of the core business, the merger or division of the company, the relocation of the company headquarters overseas or changing the company form, have the right to withdraw from the company under the law.
- (15) The members of the board of administration cannot challenge the resolution of the general meeting regarding the revocation thereof from the respective positions.
- (16) The petition will be dealt with in contradiction with the company represented by the board of administration.
- (17) If the resolution is challenged by all members of the board of administration, the company will be represented in justice by a person appointed by the President of the Court from among its shareholders, a person that is to fulfil the mandate vested in him, until the general meeting, called for this purpose, nominates a representative.

(18) The resolutions of the ordinary general meeting of shareholders shall be signed by the president of the meeting, the technical Secretariate and by the shareholder or shareholder's representative holding the majority of expressed votes.

(19) The resolutions of the extraordinary general meeting of shareholders shall be signed by the president of the meeting, the technical Secretariate and by the shareholder or shareholder's representative holding the majority of votes held by the presented or represented shareholders.

CHAPTER V **ABOUT THE COMPANY ADMINISTRATION**

Art. 19 Organization

- (1) The company is administered by a board of administration made of 7 administrators, elected by the ordinary general meeting of shareholders for a period of 4 years, with possibility to be re-elected for new periods of 4 years. The administrators may be acting as shareholders. So that the nomination of an administrator be legally valid, the person nominated must expressly accept it.
- (2) The surname, forename, place and date of birth, domicile and citizenship of the administrators are included in Annex 1 to this Articles of Incorporation.
- (3) The board of administration is presided by a Chairman. The Chairman is elected by the Board of Administration, from among its members. The revocation from the capacity of Chairman of the Board of Administration is still the attribute of the Board of Administration. The resolution regarding the nomination or revocation thereof is being made by the vote of the majority of the Board of Administration members.
- (4) In case of vacancy of one or several administrator positions, the Board of Administration proceeds to the nomination of some provisional administrators, up to the reunion of the ordinary general meeting of shareholders.
- (5) At the Board of Administration level is being constituted the Audit Committee and the Nomination and Remuneration Committee, binding, as per the legal provisions in force. The Board of Administration may also constitute, based on resolution, other consultative committees, in various activity areas, as per the needs and management strategy of the company. The Consultative Committees are made of at least two members, one of them being charged with the Presidency thereof. The consultative committees meet whenever necessary, at the Chairman's call, and the proposals/recommendations formulated by the Board of Administration (for the substantiation of the decision-making thereof) are being adopted by the majority of expressed votes. The duties and responsibilities of the consultative committees are being set by the Board of Administration.
- (6) Cannot be administrators the persons who, as per the law, are incapable or have been convicted for fraudulent management, breach of trust, forgery, use of forgery, fraud, peculation, false testimony, bribery, for the delinquencies provided by the Law no. 656/2002 for the prevention and penalization of money laundering, as well as for the settlement of several prevention and refutation measures related to the terrorist acts, subsequent amendments and completions, for the delinquencies provided at art. 143 - 145 from the Law no.85/2014 regarding the insolvency prevention and insolvency procedures.
- (7) The Chairman of the Board of Administration of the company may not also be Director General thereof.
- (8) The Board of Administration usually meets at the company headquarters, any other company work site or at any other place communicated by way of call. May be organized operational meetings of the Board of Administration by means of remote communication that meet the technical conditions necessary to identify the participants, the effective participation thereof to the Board of Administration meetings and forwarding of the deliberations on ongoing basis (via e-mail, telephone, video-call or any other communication equipment), whenever necessary, but at least once at 3 months, at the Chairman's call or at the substantiated request of 2 of the members of the Board or of the Director General. The Board is being presided by the Chairman. In case the Chairman is temporarily incapable of exercising his duties, all along that period, the Board of Administration can charge another

administrator with the fulfillment of the Chairman capacity. The Board is also convened, at the substantiated request of at least two administrators or the Director General. In this case, the Agenda is being set by the authors of the request. The Chairman is bound to respond to such a request.

- (9) The Board of Administration cannot decide upon certain issues that are not included in the Agenda, except for the emergencies. In order to decide upon the emergencies, the absent members will also be consulted, by various remote communication devices.
- (10) The Chairman will decide on the emergency nature of the issues.
- (11) The Board of Administration performs its activity based on its own regulation and the legal regulations in force.
- (12) For the validity of the resolutions is necessary the presence (directly or by representation) of at least five members of the Board and the resolutions are made with the majority vote of the present members. The Chairman of the Board of Administration will have the casting vote in case of parity of votes.
- (13) The Members of the Board of Administration can be represented at the meetings of the respective body exclusively by other members thereof. A present member can only represent a single absent member.
- (14) In case of resolutions made during the meetings where a member of the board did not participate, the latter remains liable, if, within 30 days of acknowledgment thereof he did not challenge it in the forms provided by the law.
- (15) The Agenda is set by the Chairman. The call, the meeting Agenda and documentation shall be submitted to the administrators in due time prior to the meeting, the deadline is to be set by way of the own regulation of the Board of Administration. The minutes of the meeting shall be comprised in a Journal of the Meetings and BoA Deliberations, by courtesy of the Chairman of the Board. The Protocol shall comprise the name of the participants, the order of the deliberations, the resolutions made, the number of votes cast and separate opinions. This will be signed by the Chairman of the Board of Administration and by the BoA Secretariate, and the one recorded in the Journal of the Meetings and BoA Deliberations shall be signed by the other administrators too. The BoA Secretariate is off the Board of Administration, the activity thereof being performed by the personnel within the BoA and GMS Secretariat Bureau.
- (16) In exceptional circumstances, motivated by the emergency of the situation and the company's interest, the resolutions of the Board of Administration can be made by the unanimous written vote of the members, the reunion thereof not being necessary. This procedure cannot be followed in case of the resolutions regarding the annual financial statements or authorized capital.
- (17) At the meetings will participate the Chairman and the members of the Board of Administration. As the case may be, when he considers necessary, for additional information, the Chairman of the Board of Administration may invite to the meetings executive directors, internal auditors, as well as other employees of the company or specialists on various domains of activity outside the company. The Union's President can be also invited, for debating professional, economic and social issues. In view of defending the professional, economic and social rights and interests of the members, the latter will receive from the company's management the necessary information for the negotiation of the collective labour agreements. The articles contained in the Resolution of the Board of Administration regarding the professional, economic and social issues will be communicated in writing to the Union's President within two working days as of the meeting date.
- (18) The Board of Administration shall delegate the management of „CONPET” S.A. to the Director General. The Director General of „CONPET” S.A. is acting as company representative in third party relations. -
- (19) The Board of Administration is charged with the fulfillment of all the papers necessary and useful for the achievement of the company's core business, except for those set apart by the law for the general meeting of shareholders.
- (20) The Administrators are jointly liable against the company for:
 - a) the reality of payments made by the associates;
 - b) the real existence of the paid dividends;
 - c) the existence of the registries required by the law and the proper holding thereof;
 - d) the exact fulfillment of the general meetings resolutions;

e) the strict performance of the duties that the law and the Articles of Incorporation impose.

(21) The administrators' liability is being regulated by the legal provisions regarding the mandate as well as by the special provisions stipulated by the Companies Law no. 31/1990.

(22) The administrators and their immediate successors are jointly liable if, being aware of the irregularities committed, fail to inform the internal auditors and the financial auditors in relation thereof.

(23) The liability for the deeds or the omissions performed does not extend over the administrators who have caused to consign, in the BoA Protocols Journal, their objection and have informed in writing the internal auditor and the financial auditor thereupon;

(24) If the administrators ascertain that, following various losses, the net asset, determined as a difference between the company's total assets and liabilities, represents less than half of the value of the share capital, they convene the extraordinary general meeting of shareholders, in order to decide upon the replenishment of the share capital, the decrease thereof to the remaining value or the company dissolution.

(25) The members of the Board of Administration may be revoked by the resolution of the general meeting of shareholders and the Director General based on the Board of Administration Resolution.

(26) The Board of Administration members shall conclude professional liability insurance, the exchange value thereof being borne by „CONPET” S.A., under the Law.

(27) The administrators would not disclose the data and information they have access to, related to the company and the activity thereof. This liability is being accounted for also after the termination of the mandate, for a period of 5 years. Moreover, they must also comply with the information regime of the inside information stipulated in Law no. 297/2004 regarding the capital market and the contingent regulations.

Article 20 Powers of the Board of Administration

- (1) The Board of Administration's powers are being set pursuant to the Articles of Incorporation of the company, the Romanian law, as well as pursuant to other attributions set by the general meetings of shareholders as falling under the responsibility thereof, respectively, in particular, the followings:
 - (a) Calls the general meetings of the company and sets the agenda, while endorsing the meeting documentation;
 - (b) Prepares the annual report that is to be presented to the general meeting of shareholders, together with the annual financial statements and the report of the financial auditor, as well as other reports imposed by the applicable legislation, by way of observing the reporting requests set pursuant to CNVM/ASF regulations regarding the capital market and other contingent regulations;
 - (c) Concludes legal deeds in the name and on behalf of the company, based on which to acquire goods for the company or dispose, lease, change or enter a lien over the goods to be found in the Company's Assets, where the value thereof exceeds half the book value of the company assets at the conclusion of the juristic act, exclusively by way of approval of the Extraordinary General Meeting of Shareholders.
 - (d) Submits to the internal auditors and the financial auditor, by at least 30 days prior to the day of the general meeting, the annual financial statements for the preceding financial year, accompanied by the administrators' report and the supporting documents;
 - (e) Recommends for approval to the ordinary general meeting of shareholders, subsequent to the end of the financial year, on an annual basis, the financial statements for the preceding year accompanied by the administrators' report regarding the company activity and the financial auditor report;
 - (f) Recommends for approval to the ordinary general meeting of shareholders the company's Income and Expenditure Budget (Rom. BVC) and the investment program for the following financial year, as well as the BVC rectification; approves the revision of the investment program within the same values; approves the current repairs program and revision thereof;
 - (g) Approves the Collective Labour Agreement at company level;
 - (h) Approves the organizational structure and the related personnel structure, the Organizational and Operational Rules and Regulations and the Internal Rules of the company;

- (i) Drafts the administration plan and recommends it for approval in the ordinary general meeting of shareholders, within 90 days as of the appointment of the administrators under the conditions set out in the EGO no. 109/2011.
- (j) Delegates to the Director General the company's management powers and, under the contract of mandate and based on the Board of Administration Resolutions, sets the rights, liabilities, competencies, duties, responsibilities of the Director General; if the Director General is in the impossibility to exercise his duties (annual leave, sick leave, other situations), the board of administration will delegate the company management to one of their executive directors.
- (k) Oversees the activity of the Director General in what concerns the company management, here-included the carry-out of the company business;
- (l) Appoints and revokes the Director General of the company and sets the remuneration thereof; the general limits of the remuneration are set by the ordinary general meeting of shareholders. Sets the objectives and performance criteria for the Director General and notes, recurrently, the progress of the fulfilment thereof; approves the global degree of fulfilment of the objectives and performance criteria of the Director General for the previous year, correlated with the financial statements of that financial year;
- (m) Sets the main business directions and approves the strategies and development policies of the company;
- (n) Sets the accounting policies and the financial control system and approves the financial planning;
- (o) Approves the annual procurement program; approves/endorses the protocols regarding the results of the goods inventory out of the company's Assets/the State's public property; approves/endorses the proposals to decommission the fixed assets, end life of the materials such as inventory objects in use, downgrade and discard of certain material goods, other than the fixed assets to be found in the assets of the company/the State's public property, whose maintenance no longer justifies; approves /endorses the means to capitalize these goods and upset prices for the goods proposed to be capitalized by auction; may delegate the Director General with signing the protocols to decommission the fixed assets/end life of the inventory objects in use, downgrade the material goods; approve the requests for sponsorship and inclusion, in the company expenses, of certain amounts representing penalties, delay penalties, fines etc.;
- (p) Proposes the shareholders on what market are to be traded the securities issued by the company and chooses the authorized independent registrar holding evidence of the shares issued by the company;
- (q) Requests and receives reports from the internal audit of the company;
- (r) Files the request for the opening of the insolvency procedure as per Law no. 85/2014 regarding the insolvency prevention and insolvency procedures;
- (s) Is charged with the fulfillment of all the papers necessary and relevant for the achievement of the company's core business, except for those set apart by the law for the general meeting of shareholders.
- (t) Engages current bank loans and trade credits, in compliance with the competencies and level of contracting set by the general extraordinary meeting of shareholders and approves the issue of the guarantees;
- (u) Approves the proposals regarding the global strategy for development, revamping, modernization, economic-financial restructuring of the company;
- (v) Provides the enforcement of the resolutions adopted by the shareholders within the sessions of the general meetings of shareholders, aiming that the enforcement of the resolutions be taken by the compliance of the lawfulness of the company business; Secures and is liable for the carry-on of any task or duty set by the general meeting of shareholders or that is being stipulated by the legislation in force, here-included the regulations in force regarding the capital market, as well as by the performance of the company's business, in terms of both direct duties, as well as for those assigned to the Director General.
- (w) Approves the management plan drafted and carried forth by the Director General, in 90 days as of the nomination thereof under the provisions of EGO no. 109/2011 regarding the corporate governance of the public enterprises.

- (x) Submits biyearly, within the ordinary general meeting of shareholders, a report on the administration activity, also including information regarding the execution of the contract of mandate of the Director General, details regarding the operational activities, to the company's financial performance and the biyearly accounting reports of the company.
- (y) Presents to the ordinary general meeting of shareholders approving the annual financial statements, an annual report prepared by the Nomination and Remuneration Committee within the Board of Administration, regarding the remunerations and other advantages granted to the administrators and Director General during the previous financial year, a report structured according to the provisions of EGO no. 109/2011 regarding the corporate governance of the public enterprises.
- (z) Approves the establishment or disestablishment of sub-units (secondary establishments, work sites, branches, agencies, representatives or other sub-unit types bearing no legal personality), located in the same locality and/or in other localities, in the country and abroad;

(2) Under the sanction of nullity, the administrators or the Director General may, on their own behalf, alienate, namely acquire goods to or from the company with a value exceeding 10% of the value of the company net assets, only after having obtained the approval of the extraordinary meeting of shareholders, under the conditions stipulated by the Companies Law no. 31/1990.

(3) Cannot be delegated to the Director General duties received by the Board of Administration from the general meeting of shareholders, in compliance with Art. 15 paragraph. (4) letter (p) to this Articles of Incorporation.

(4) The Board of Administration keeps the company representation capacity in the relations with the Director General.

CHAPTER VI THE DIRECTOR GENERAL

Art. 21 Duties and Rights of the Director General

- (1) The Director General of "CONPET" S.A. is appointed by the Board of Administration, from among the members of the Board or off the Board of Administration;
- (2) The Director General of the company has the following main duties:
 - (a) Provides the management and running of the company business and is liable for the execution thereof in relation to both direct duties, as well as the ones instructed to the executive management;
 - (b) Prepares the annual draft report, the draft income and expenditure budget and the planned works programme and submits them to the Board of Administration;
 - (c) Observes the reporting liabilities set by the regulations in force regarding the capital market and the provisions of EGO no. 109/2011 regarding the corporate governance of the public enterprises, as well as all the other applicable legal provisions;

- (d) Drafts the company development and marketing strategies and policies and submits them for approval to the Board of Administration; applies the strategy, the company development and marketing strategies and policies set by the Board of Administration;
- (e) Prepares projects and business plans and submits them to the Board of Administration for approval;
- (f) Prepares the Organizational and Operational Rules and Regulations governing the company, the draft organizational structure and personnel structure and submits them to the Board of Administration for approval;
- (g) Organizes, coordinates and makes all necessary diligence to enforce the strategies and policies approved by the Board of Administration; approves the documents of normative nature and the Rules regulating the activity of the company;
- (h) Hires/nominates/removes/promotes/suspends/dismisses, as the case may be, under the law, the company personnel and sets the rights and obligations thereof;
- (i) Negotiates the individual labor agreement of the employees;
- (j) Sets the attributions, competencies and responsibilities incurred by way of the job description, for the organizational positions that fall under his direct subordination;
- (k) Provides the fall within the wage fund figure contained in the approved income and expenditure budget, by the achievement of the productivity indicators.
- (l) Oversees the fulfilment of the company income and expenditure budget provisions;
- (m) Sets the performance criteria and objectives for the executive directors, monitors the degree of achievement thereof and assesses the activity of the executive directors in terms of fulfilment of the duties contained in the job description;
- (n) Is bound not to disclose data and information he has access to regarding the company and activity thereof. This liability is bound to him also following the termination of his mandate, for a period of 5 years. Moreover, they must also comply with the regime of the side information stipulated in Law no. 297/2004 regarding the capital market and in the contingent regulations.
- (o) Asks the executive directors, to provide to him, on a monthly basis or whenever necessary, activity reports that are to be presented to the Board of Administration;
- (p) Has right of signature and specimen signature in bank (signature I) and decides upon the company expenditure and revenues; these duties may be delegated, in case of impossibility to exercise them, to other persons within the company, by the resolution of the Board of Administration, this one nominating the persons with signature powers type I and II and substitutes thereof;
- (q) Notifies the Board of Administration on all irregularities found during the fulfilment of his duties;
- (r) Negotiates and concludes the Collective Labour Agreement, in the name and on behalf of the company, in the form approved by the Board of Administration;
- (s) Acts as representative of the company in relation to third parties;
- (t) Concludes juristic acts, in the name and on behalf of "CONPET" S.A., under the law and in compliance with the provisions of the contract of mandate and of the empowerments granted based on the resolution of the Board of Administration;
- (u) Concludes sales and procurement of goods contracts, under the law and in compliance with the provisions of the contract of mandate and of the empowerments granted based on the resolution of the Board of Administration;
- (v) May empower the executive directors or any other employee, to exercise any kind of duties falling within his competence, in terms of both company activity, as well as regarding his representation in relation to other authorities, public institutions, natural or legal persons, in justice, etc. as the case may be;
- (w) Signs the reports for the shutdown of the fixed assets/ end of life of the inventory objects, downgrade of the material goods, where this competence is being delegated to him by the Board of Administration;
- (x) Endorses the materials on the Agenda of the Board of Administration meetings;
- (y) Organizes and leads a Steering Committee formed of the executive directors. The Director General may call at the meetings employees holding management positions or operating personnel within

the company and, as the case may be, when being debated professional, economic, social issues, may also invite the President of the Union.

- (z) Any of the administrators may require to the Director General information regarding the operative management of the company. The Director General is bound to inform the Board of Administration, regularly and in a comprehensive manner, on the operations made and the envisaged ones.
- (3) The Director General of the company has the following rights:
 - (a) To settle, based on the substantiation documents, the accommodation expenses, the per diem payments, the transport and other expenses, for the travel assignments in the country and overseas, within the limits set by the income and expenditure budget for these expenses;
 - (b) To be granted the transport by company vehicle (with driver or personal drive) to fulfil his duties.
 - (c) To hold professional liability insurance, the exchange value thereof being borne by CONPET S.A., under the law;
 - (d) To take the annual leave corresponding to every calendar year;
 - (e) To be provided a work place in compliance with his qualification, as well as other rights as per the legal provisions, at the end of the mandate;
 - (f) To benefit from all the health and social insurance rights, as well as other rights of the employees, stipulated in the contract of mandate, granted by similarity with those contained in the collective labor agreement concluded at company level.
- 4) The rights of the Director General are the ones stipulated in the contract of mandate concluded between the company represented by the Board of Administration by way of a member thereof and the Director General. Through the Contract of mandate concluded with the company, the Director General may be also granted other additional rights besides those stipulated in paragraph (3).

Art. 22 Duties of the Executive Directors

- (1) The executive directors are hired/nominated/dismissed/promoted/suspended/fired by the Director General. The Executive Directors are under the subordination of the Director General, are company employees, are exercising the attributions set by the Director General and, as the case may be, by the Board of Administration, as well as by the Organizational and Operational Rules and Regulations governing "CONPET" S.A. and the job description.
- (2) The executive directors are liable against the company in case they fail to fulfil their duties and in case of non-compliance with the applicable legislation.

CHAPTER VII **COMPANY MANAGEMENT**

Art. 23 The Audit

A. The Financial Auditor

- (1) The financial statements of the company shall be audited by the financial auditors, natural or legal persons, under the law.
- (2) The financial auditors are elected by the general meeting of shareholders and they carry on their activity based on the contract concluded with the company. The identification data of the auditors are being revealed in Annex 1 to this Articles of Incorporation.
- (3) The general meeting may approve the annual financial statements only if they are accompanied by the report of the financial auditor.
- (4) The annual financial statements, together with the administrators' report and the financial auditor's report shall remain filed to the company premises during the 30 days preceding the general meeting, in order to be consulted by the shareholders.
- (5) The shareholders may ask the Board of Administration, on their expense, copies of the annual financial statements and the other reports stipulated at paragraph (4).

- (6) In order to exercise the right to control, the significant shareholders may be presented, upon request, data regarding the company activity, the statement of assets and liabilities, of profit and loss.
- (7) Approval of the annual financial statements by the general meeting does not impede the exercise of the liability proceeding against the administrators, directors or financial auditors;
- (8) The financial auditors are bound to survey the company management, to check whether the financial statements are legally prepared and in accordance with the book records, if the latters are regularly kept and the evaluation of the assets elements was made as per the rules set for the preparation and presentation of the financial statements.
- (9) The duties and functioning of the financial auditors of the company, as well as the rights and obligations thereof are being complemented with the legal provisions in the area.

B. The internal audit

- (1) The Company shall organize the internal audit as per the general legislation regarding the internal audit and methodological norms drafted by the Romanian Financial Audit Chamber in this purpose.
- (2) The general objective of the internal public audit in the public entities is represented by the improvement of the management thereof and can be reached, mainly by:
 - a) Insurance activities, representing objective examinations of the evidence, made in view of providing the public entities and independent assessment of the risk management, control and governance related-processes;
 - b) Counselling activities meant to bring plus value and improve the governing processes in the public entities, the internal auditor not undertaking management responsibilities;
- (3) The internal auditors shall inform the Board of Administration members on the irregularities found during the performance of the company business, as well as the breach of the legal provisions and Articles of Incorporation.
- (4) The entity performing the Internal Public Audit is distinctly constituted under the direct subordination of the Director General. The internal audit activity is being recurrently reported to the Board of Administration, which analyzes and sets the necessary measures for a good organization and functioning of the company. The head of the Internal Public Audit Service is appointed/dismissed by the Director General, only by the opinion of the ministry under whose authority is "CONPET" S.A.. The Director General approves the annual internal public audit plan and the annual report of the internal public audit activity.
- (5) The competence of the internal public audit covers all the activities performed within the company for the fulfilment of the objectives thereof, here included the assessment of the management control system.

CHAPTER VIII

COMPANY BUSINESS

Art. 24 The Financial Year

- (1) The financial year represents the period for which must be concluded the annual financial statements and coincides to the calendar year.
- (2) As per the provisions of the Accounting Law no. 82/1991, republished, the Board of Administration is bound to submit to the territorial units of the Ministry of Public Finances, in electronic form, being attached an extended electronic signature, the annual financial statements, the administrators' report and the financial auditors' report.

- (3) The company is bound to publish, in the Official Gazette of Romania, part. IV, a notice to confirm the filing of the documents stipulated in paragraph (2).

Art. 25 Company Personnel

- (1) The management and operating personnel is hired/nominated/dismissed/promoted/fired by the Director General;
- (2) The payment of wages and related taxes, of the social insurance rates, as well as of the other obligations to State and local budget shall be made as per the law.
- (3) The rights and obligations of the company personnel are being set by way of the Collective Labour Agreement, the Organizational and Operational Rules and Regulations and by own regulations.
- (4) The payment shall be made as per the legal legislation in force and provisions of the collective labor agreement.
- (5) Considering the business specificity, the company personnel concludes a non-disclosure agreement regarding the failure to submit/the non-disclosure of data and information they have become aware of during the labor contract execution, under the internal regulation, individual or collective labor agreement. The personnel must also comply with regime of the inside information stipulated in Law no. 297/2004 regarding the capital market and contingent regulations.

Art. 26 Depreciation of Fixed Assets

The Board of Administration approves, under the Law, the method to depreciate the tangible and intangible assets of the company's Asset.

Art. 27 Book-keeping and Financial Statements

The Company holds the book-keeping, in national currency, observing the conditions stipulated by the Romanian legislation in force.

The annual financial statements are prepared in compliance with the applicable accounting regulations and the accounting policies of the company.

Art. 28 Calculation and Distribution of Profit

- (1) The company profit is being set under the law based on the annual financial statements approved by the ordinary general meeting of shareholders.
- (2) Out of the company profit shall be taken-over, every year, within a 5% limit, an amount for the formation of the reserve fund, as per the legislation in the area, until it reaches at least the fifth part of the share capital.
- (3) The remaining profit following the payment of the income tax shall be distributed as per the resolution of the general meeting of shareholders.
- (4) Out of the company profit can be constituted funds for the modernization, research and development of new products, investments, repairs as well as other destinations set by the general meeting of shareholders.
- (5) The payments of dividends due to shareholders are being made by the company under the law following the approval of the financial statements by the general meeting and fixing the payment date, as per the legal provisions in force.
- (6) In case of loss registration, the general meeting of shareholders shall analyze the causes and decide accordingly, under the law.
- (7) Bearing the costs by the shareholders shall be made in proportion to the share capital contribution.

Art. 29. Company Registries

- (1) The Company will keep up-to-date, beyond the records stipulated by law the following registries:
 - (a) A Shareholders' Registry. The company contracts an Independent Registrar to keep the electronic record of the Shareholders Registry and log the registration and perform other relevant operations;
 - (b) A Journal of the meetings and general meetings deliberations;
 - (c) A Journal of the meetings and BoA deliberations;
 - (d) A registry of bonds, to show the total bonds issued and disbursed, as well as the bearers' first name, surname, place of domicile or headquarters, when the bonds are nominative. The evidence of the bonds issued in dematerialized form and which are being transacted on an organized market shall be held as per the law.
 - (e) A registry of the deliberations and findings made by the internal auditors, during the mandate execution thereof.
- 2) The administrators or, as the case may be, the Independent Registrars, are bound to make available to the shareholders the registry stipulated at letter a) and issue, upon request, a statement of account. Moreover, they are bound to make available for the shareholders and bonds bearers, under the same conditions, the registries stipulated at letters b) and d).

CHAPTER IX **AMENDMENT OF THE LEGAL FORM, DISSOLUTION, LIQUIDATION, LITIGATIONS**

Art. 30 Amendment of the Legal Form

- 1) Amendment of the legal form of the company shall be made only based on the resolution of the extraordinary general meeting of shareholders and by the fulfilment of all formalities stipulated by law and this Articles of Incorporation.
- 2) The new company will fulfil all legal registration and advertising formalities requested at the companies' set-up.

Art. 31 The Company Dissolution

- 1) The company dissolution shall take place in the following situations:
 - a) Impossibility to achieve the company business scope;
 - b) Opening of the company bankruptcy procedure;
 - c) Declaration of the company nullity by way of a final and irrevocable Court judgment;
 - d) Losses due to which the net asset, determined as difference between total assets and company liabilities, represents less than half the share capital, after having consumed the reserves fund due to reasons that trigger no responsibility of any kind, unless the general meeting of shareholders agrees upon the restitution of the share capital or reduction thereof to the remaining amount;
 - e) Court Judgment, upon the request of any shareholder, for ground reasons, as well as the misunderstandings
 - f) between the shareholders, that impede the company operation;
 - g) Decrease of the number of shareholders below the minimum legal threshold;
 - h) Share capital reduction below the minimum imposed by the law;
 - i) Other causes stipulated by law or the Articles of Incorporation of the company.
- (2) The resolution to dissolve the company must be inscribed in the Trade Registry and published in the Official Gazette of Romania, part IV.

Art. 32 Company Liquidation

- (1) The company dissolution has as effect the opening of the liquidation procedure as per the legal norms, except for the merger or total division thereof.
- (2) The company liquidation and distribution of assets are made under and by observance of the procedure stipulated by law.

Art. 33. Merger and Division

The company's merger, respectively division take place based on the resolution of the extraordinary general meeting of shareholders, as per the applicable legal provisions.

Art. 34 Litigations

- (1) The company litigations with Romanian natural or legal persons are the jurisdiction of the Instance Courts in Romania, as per the Law.
- (2) The litigations arising from the contractual relations between the company and Romanian legal persons may be also settled through arbitration, as per the law.

CHAPTER X FINAL PROVISIONS

Art. 35 Final Provisions

- (1) The provisions of this Articles of Incorporation are being complemented by the provisions of the EGO no. 109/2011 regarding the corporate governance of the public enterprises, of Law no. 31/1990 regarding the companies, of the Civil Code, Trade Code and of the legislation in force regarding the capital market.
- (2) This Articles of Incorporation was updated on 18.12.2018 following the amendments approved pursuant to the EGMS no. 1/ 18.12.2018, grounded on the Articles of Incorporation updated at 28.08.2018 and was concluded and signed in 3 (three) original counterparts.

CHAIRMAN OF THE BOARD OF ADMINISTRATION
Cristian-Florin GHEORGHE

Legal Department
Cornel BĂNICĂ

GMS Secretariat
Adina Modoran
Alina Petrescu
Andreea Rusu

Curriculum vitae
Europass

Personal information

First and Last Name
Gender

Cristian-Florin GHEORGHE
Male

Work experience
2017 - Present

Higher Counsellor

Ministry of Energy
202E, Independenței Drive, 6th district, postal code 060021
Bucharest, Romania
Advising the Minister about certain aspects related to the set of activities regarding energy products

March 2017 – Present
03/04/2017 – Present

Member in the Board of the company OIL TERMINAL S.A.

Chairman of the Board

Company Oil Terminal S.A.
2, Caraiman Street, postal code 900117, Constanța (Romania),
www.oil-terminal.com

Management of the company activity

Activity type or field: Handling – performing the services providing related to the reception, loading, unloading of crude oil, oil products, petrochemical and chemical products and other finite products or liquid raw materials for import, export and transit.

2017

Counsellor

Ministry of Energy
202E, Independenței Drive, 6th district, postal code 060021
Bucharest, Romania

Advising the Minister about certain aspects related to the set of activities regarding energy products

2015-2016

Member in the Board of the company OIL TERMINAL S.A.

Chairman of the Board of Audit

Company Oil Terminal S.A.
2, Caraiman Street, postal code 900117, Constanța (Romania),
www.oil-terminal.com

Coordination of the Audit committee

Activity type or field: Handling – performing the services providing related to the reception, loading, unloading of crude oil, oil products, petrochemical and chemical products and other finite products or liquid raw materials for import, export and transit.

2016-2017

General Manager

Company S.C. BENECAR AUTO SRL

25, Ion Sian Street, Voluntari

Activity type or field: Commerce with motor parts

| | |
|-------------------------------|--|
| 2013-2016 | Parliamentary Counsellor – Lower Parliament Chamber Parliament Palace, 2-4, Izvor Street, 5 th district, postal code 050563 Bucharest (Romania) www.cdep.ro |
| 2011-2017 | Parliamentary Counsellor for environment issues General Manager Company S.C. AS PETROL RECYCLE SRL 26, Doamna Ghica Street, 2 nd district, postal code 022837 Bucharest (Romania) Activity type or field: Treatment and elimination of oil residues and dangerous waste |
| 2008-2014 | Marketing Manager Company S.C. EURO METAL TRADING SRL 39, Făgetului Street, Constanța, Operation Point Bucharest Management and coordination of the activities related to the foreign trade with ferrous waste Activity type or field: Collecting and valorisation of DEEE waste and electric and electronic waste, home appliance waste, electric cables, conductors and motor cabling, electric devices, etc. |
| 2006-2008 | Marketing Manager Company S.C. AS METAL TRADING SRL 104G, Berceni Road, 4 th district, postal code 41836 Bucharest (Romania) Management of the executive activity of the company Activity type or field: Recovery and processing of ferrous and non-ferrous waste |
| 2004 | General Manager Company S.C. AVIS CONSULTING SRL 26, Doamna Ghica Street, 2 nd district, postal code 022837 Bucharest (Romania) Activity type of field: Human Resources recruitment |
| 2000-2003 | Marketing Manager Company S.C. AR METAL TRADING SRL 104G, Berceni Road, 4 th district, postal code 41836 Bucharest (Romania) Activity type of field: Recovery and professing of ferrous and non-ferrous waste |
| Education and training | |
| 01/11/2017 | Prince2 – Foundation Certificate in Project Management Global Best Practice www.axelos.com |
| 13/02/2014 | Specialist in waste management Association Centre for Professional Training and Regional Development Constanța (Romania) |
| 12/08/2012 | Environment Protection Technician (Ecologist Technician) Association Centre for Professional Training and Regional Development Constanța (Romania) |

2000 **Engineer in the domain BUSINESS ENGINEERING**
 University BIOTERRA – Faculty of Engineering and Agrotouristic Management Bucharest (Romania)
 1993 **Industrial School Group METALOGLOBUS**
 Bucharest (Romania)

Personal skills and competencies

Mother tongue **Romanian (written and spoken at experienced level)**

Foreign languages
Self-assessment

| | Listening | Reading | Speaking | | Writing Written expression |
|----------------|-----------|---------|-------------|-------------------|----------------------------------|
| | | | Interaction | Oral discourse | |
| English | B1 | B1 | B1 | B1 | B1 |

B1 Level – Independent User

Common European Framework of Reference for Languages

Communication skills and competencies Excellent communication skills, competencies of management and negotiation as a result of my experience;

Team spirit,

Able to create and implement high standards within a company;

Rigour, creativity, patience and professionalism.

Commitment to the work executed;

Organisational / managerial skills and competencies Abilities to lead and organise big teams of persons; Able of implement beneficial changes in a company.

Digital skills **SELF-ASSESSMENT**

| Information processing | Communication | Content creation | Safety | Problem solving |
|------------------------|------------------|------------------|------------------|------------------|
| Experienced user | Experienced user | Experienced user | Experienced user | Experienced user |

Digital competences - Self-assessment grid

Driving licence **Category B**

The undersigned **ROŞU MONICA-DANA-CORINA**, authorised interpreter and translator for English and French, based on the Authorisation no 29548 of 2010 issued by the Romanian Ministry of Justice. I certify the accuracy of the translation performed from ROMANIAN into ENGLISH that the text presented for translation was translated entirely, without omissions, and that by translation the document was not denatured as regards its content or meaning.

L.S.



Curriculum Vitae

PERSONAL INFORMATION

Name **Popa Claudiu Aurelian;**

Address

Civil status:

Telephone

E-mail:

Nationality

Date and place of birth

WORK EXPERIENCE

1. **1 August 2015 – MINISTRY OF ENERGY**
GENERAL DIRECTORATE FOR PRIVATISATION AND ADMINISTRATION OF STATE PARTICIPATIONS IN ENERGY
LEGAL ADVISOR – IA EXPERT
2. **15 January 2014 – AFC ASTRA GIURGIU**
LEGAL ADVISOR
3. **1 July 2013 – SC RAPID BUCHAREST**
GENERAL DIRECTOR (6 months)
4. **1 July 2010 – PROFESSIONAL FOOTBALL LEAGUE**
DIRECTOR – COMPETITIONS DEPARTMENT AND LEGAL DEPARTMENT (2 years and 6 months)
FEDERAL OBSERVER WITHIN THE PROFESSIONAL FOOTBALL LEAGUE
5. **1 August 2009**
Attorney at law – Prahova Bar;
6. **1 July 2009 – 1 July 2010**
PRESIDENT – Commission for the Player's Status – Professional Football League;
7. **1 October 2007**
Member – Association of Legal Advisors within the Financial Banking System
5. **30 July 2007**
 - AVAS (Authority for State Assets Recovery) – Bucharest;
 - Legal General Directorate;
 - Special Laws Legal Directorate;
 - Director.

6. 1 March 2007

- AVAS (Authority for State Assets Recovery) – Bucharest;
- Legal Assistance General Directorate;
- Post-privatisation Contentious Legal Assistance Directorate;
- Director.

7. 25 January 2007

- AVAS (Authority for State Assets Recovery) – Bucharest;
- Legal Assistance General Directorate;
- Post-privatisation Contentious Legal Assistance Directorate;
- Expert Jurist - responsibilities in coordinating the post-privatisation legal assistance activity;
- Management positions in AVAS and APAPS (Authority for privatization and administration for State's Participation

In 2005 – 2006, my activity included the following actions:

- coordination of the department activity for the segment concerning the monitoring of shares purchase and sale contracts, by over-endorsing the legal advisors who worked within this process;
- endorsing the papers regarding state aids;
- endorsing the papers drawn up by the Personnel Department;
- attending meetings organized by the General Directorate for Privatization in order to clarify some issues regarding the administration of some commercial companies in the portfolio of AVAS and/or in process of privatization;
- attending meetings with the representatives of buyers in order to solve the problems occurred during the period of monitoring the shares purchase and sale contracts;
- special administration of 6 commercial companies in AVAS portfolio, materialized by finalizing the privatization process in case of 5 of them;

- representative of employees of AVAS Bucharest during 2004 – 2006;

- special administrator during 2005-2008 of:
 - S.C. NITROFERTILIZER S.A. Făgăraş;
 - S.C. NITROEXPLOSIVE S.A. Făgăraş;
 - S.C. NITROSERVICE S.A. Făgăraş;
 - S.C. NITROTRANS S.A. Făgăraş;
 - S.C. NITROCONTROL S.A. Făgăraş;
- President of three Privatization Commissions of AVAS;

- Vice-president of the Appeal Commission in the licensing system of the Romanian Football League – 2005 – 2009

8. 1 August 2003 – 1 September 2004:

- A.P.A.P.S. (Authority for Privatization and State Assets Administration) – Bucharest;
- Post-privatization Department;

- Department for Regulation of Contracts and Post-privatization Endorsement;
- Post-privatization Endorsement Service;
- **Head of Service**;
- Coordination of service activity and replacement of the director in case of its unavailability;

9. 1 July 2002 - 1 August 2003

- A.P.A.P.S. (Authority for Privatization and State Assets Administration) – Bucharest;
- Legal Department;
- Post-privatization Endorsement Directorate;
- Legal Advisor;

10. 2001 - 2002

- S.C. Ardrom 001 S.R.L. Bucharest;
- **Administrator**;

11. 1999 - 2001

- **State Property Agency** – Bucharest;
- Legal Department;
- Legal advisor;
- Interim Director;
- State representative in the General Meeting of the Shareholders - S.C. A.I.A.S.C. Vulpești, Argeș County;
- Member in the Board of Administration of S.C. LEGUMICOLA PECICA S.A. Nădlac, ARAD County;
- **President** - Commission for the analysis of appeals in the privatization process;

12. 1998 - 1999

- Ministry of Agriculture and Food – Bucharest;
- Legal Department;
- Endorsement Service;
- Legal advisor;
- Member in the Commission for the analysis of appeals in the privatization process;

13. 1997 - 1998

- Petrotel - Lukoil Ploiești;
- Legal Department - legal advisor;
- GENERAL DIRECTOR - SC GEROM SA Ploiești;

EDUCATION AND PROFESSIONAL TRAINING

- **2006 - 2008**
MASTER studies - Management of Public Position -
Ploiești University
- **1991 - 1995**

<<Nicolae Titulescu>> University – Faculty of International Law;

- Graduated Bachelor studies in the session of 1997 – **University of Bucharest – Faculty of Law;**
- **2015**

PRINCE 2 – Foundation certificate in Project Management – course held by APMG International and AXELOS Global Best Practice

PERSONAL SKILLS AND ABILITIES

- **Good negotiator, good knower of all law branches;**
- PC use – MS Office (Word, Excel, Windows);
- Interpersonal communication skills;
- Resistance to intellectual and physical effort;
- Responsibility, intuition, perseverance, involvement;
- Capacity of analysis and organization;
- Commercial contracts negotiation;
- Holder of a licence to carry weapon and of a hunting weapon;
- Blue belt – JUDO;
- Served in the military;
- Reserve officer – **Ministry of Interior;**
- Member of the General Association of Hunters and Anglers;

Native language

- Romanian

Foreign languages

- English – satisfactory;

Driving licence

- B category – 1990;

Date:
14 June 2018

Signature:
**illegible signature*

Curriculum Vitae

PERSONAL INFORMATION GAVRILĂ Florin-Daniel

CAPACITY HE STANDS FOR Administrator – CONPET S.A.

PROFESSIONAL EXPERIENCE

| | |
|------------------------------|--|
| September 2015 – to date | Transactions Analyst SIF Banat-Crisana-SA, Arad In charge with the oversee and fulfilment of the investment decisions Business field – Financial Investment Company |
| December 2015 – to date | Administrator SIFI Cluj Retail SA, Bucuresti Business field – leasing and subleasing own moveable property or leased moveable property |
| February 2016 – to date | Administrator Central SA, Cluj-Napoca Business field - leasing and subleasing own moveable property or leased moveable property |
| April 2016 – to date | Administrator Uniteh SA, Timisoara - leasing and subleasing own moveable property or leased moveable property |
| October 2016 – December 2016 | Administrator SSIF BRK Financial Group SA, Cluj-Napoca Business field: Investment Company |
| February 2013 – July 2015 | Sales-Trader, Institutional Clients Department SSIF Broker SA, Cluj-Napoca Stockbroker, in charge with sales-trading activity, particularly for the institutional clients (but also large-retail); stocks trading by DMA on the main European markets Business field: Investment Company |
| March 2011 – December 2012 | Sales-Trader, Institutional Clients Department Unicredit C&IB Securities Romania SA, Bucharest |

| | |
|---------------------------|--|
| | Stockbroker (authorized in April 2011), in charge with sales-trading activity, particularly for the institutional clients (but also large-retail); stocks trading by DMA on the main European markets; sales-trading in cooperation with Unicredit office in London Business field: Investment Company |
| February 2011 – to date | Tax Advisor The Romanian Chamber of Fiscal Consultants , Bucuresti |
| October 2005 – March 2011 | Stockbroker/Deputy Director General SSIF Egnatia Securities SA, Bucuresti -Stockbroker (authorized in December 2005), in charge with the trading activity for the firm's clients, compensation-settlement agent authorized by Depozitarul Central -Deputy Director General (starting April 2007), overseeing the trading activity Business field: Investment Company |
| July 2005 – October 2005 | Broker SSIF European Securities SA, Bucuresti -in charge with the post-trading activity for the firm's clients Business field: Investment Company |
| February 2004 – June 2005 | Economist/ASIF SSIF Invest Trust SA, Craiova -Economist, then financial investment services Agent (authorized in June, 2004), in charge with the increase of retail clients portfolio Business field: Investment Company |

EDUCATION AND FORMATION

| | |
|------|---|
| 2009 | Participant "Capital Market Development, Enforcement and Oversight" National Securities Commission and US Securities and Exchange Commission |
| 2007 | Participant "The EU Single Market in Financial Services: Latest Steps, Future Initiatives and Pending Tasks" Public Administration European Institute, Luxemburg |

2004-2006 Master Degree – European Economy
Economy and Business Administration Faculty,
Craiova

2006 Graduate "Investment Consultant" course
Millenium Financial Trading Centre

2006 Graduate "Derivative Markets Broker"
BMFMS Sibiu

2005 Financial Investment Services Agent RASIF02
Bucharest Stock Exchange

2004 Financial Investment Services Agent
Millenium Training Financial Centre

1999-2003 Bachelor's Degree
University of Craiova
Faculty of Economy and Business Administration
Program: International Economic Relations

SKILLS AND COMPETENCES

Personal

Native language Romanian

Foreign known languages

| | Understanding | | Speaking | | Writing |
|---------|---------------|----------|-----------------------------------|-------------|----------|
| | Listening | Reading | Participation in the conversation | Oral speech | |
| English | Advanced | Advanced | Advanced | Advanced | Advanced |
| German | Beginner | Beginner | Independent User | Independent | Beginner |

Digital competence Good handling of almost all Microsoft Office programs

Driving license B Category

Curriculum vitae

Europass

Personal information

Name and surname *Mihai Adrian Albulescu*

Address(es)

Phone(s)

Fax(es)

E-mail(s)

Nationality *Romanian*

Date of birth



Workplace / Occupational area aimed

Professional experience

2017 – to date member in the Council of Ploiești Oil&gas University

Period *2016 - to date*

Position or job held *University professor*

Main activities and responsibilities *Teaching activity, scientific research*

Employer's name and address *University Petroleum-Gas from Ploiești, 39 București bld*

Type or field of activity *Education*

Period *Jan 2015 — Dec 2015*

Position or job held *State Secretary*

Main activities and responsibilities *Coordinates the enforcement of the Governmental program in the energy strategic areas*

Employer's name and address *Ministry of Energy, Small and Medium Enterprises and Business Environment*

Type or field of activity *Energy*

Period *2013 — 2015*

Position or job held *State Secretary*

Main activities and responsibilities *Coordinates the implementation of the Government Program in the strategic energy fields*

Represents the interests of the state with the World Bank of Romania, the International Monetary

Fund and the European Commission on the Energy Strategy

Member of the Privatization Commission of Nuclearelectrica, Transgaz and Romgaz, Representative of the Energy Department in the commissions for drafting and implementing of the Memorandum of Understanding with the Republic of China for investment projects in Romania President of the Romanian-Serbian Joint Commission

Vice-President of the Mixed Commissions Romania - Russia, Romania - Kazakhstan, Romania - Germany, Romania - Turkmenistan, Romania - Turkey.

Employer's name and address *Ministry of Economy*

Type or field of activity *Energy Department*

Period *1999 - 2016*

Position or job held *Associate professor*

Main activities and responsibilities *Teaching activity, scientific research*

Employer's name and address *University Petroleum-Gas from Ploiești, 39 București bld*

| | |
|--------------------------------------|--|
| Type or field of activity | Education |
| Period | 1990 —1999 |
| Position or job held | Head of university works |
| Main activities and responsibilities | Teaching activity, scientific research |
| Employer's name and address | Institute of Petroleum and Gas from Ploiești, 39 București bld |
| Type or field of activity | Education |
| Period | 1983 —1990 |
| Position or job held | University assistant |
| Main activities and responsibilities | Teaching activity, scientific research |
| Employer's name and address | Institute of Petroleum and Gas from Ploiești, 39 București bld |
| Type or field of activity | Education |
| Period | 1982 —1983 |
| Position or job held | Substitute assistant |
| Main activities and responsibilities | Teaching activity, scientific research |
| Employer's name and address | Institute of Petroleum and Gas from Ploiești, 39 București bld |
| Type or field of activity | Education |

Education and training

| | |
|--|--|
| Period | 1990-1996 |
| Qualification/degree achieved | PhD/doctor degree |
| Main subjects studied/professional skills achieved | Hydraulics and fluids mechanics |
| Name and type of the education establishment/training provider | Institute of Petroleum and Gas from Ploiești/ Faculty of Petroleum and Gas Engineering |
| Level on the national or international classification | Post-university studies |
| Period | 1980 |
| Qualification/degree achieved | Reliable methods in exploiting the drilling screeds. Training course |
| Main subjects studied/professional skills achieved | Petroleum equipment |
| Name and type of the education establishment/training provider | IPCUP Ploiești |
| Level on the national or international classification | Post-university studies |
| Period | 1974-1979 |
| Qualification/degree achieved | Engineering/engineer degree |
| Main subjects studied/professional skills achieved | Petroleum equipment |
| Name and type of the education establishment/training provider | Institute of Petroleum and Gas from Ploiești/ Faculty of Petroleum Machines and Equipment |
| Level on the national or international classification | Post-university studies |
| Period | 1969-1973 |
| Qualification/degree achieved | Mechanic/bachelor degree |

Main subjects studied/professional
/ Theoretical studies skills achieved

sciences department

Name and type of the education
establishment/training provider

Theoretical highschool Baicu / Prahova

Personal competences and skills

Native Language

Romanian

Foreign languages known

Self assessment
Writing and Speaking European
level (A1-A2)

| French language | Understanding | | Speaking | | Writing | |
|-----------------|-----------------|----------|----------------------------------|--------------------|--------------------|-----------------|
| | Listening | Speaking | Participation to conversation | Oral production | written production | |
| A1 | Elementary user | A1 | Elementary user | A2 Elementary user | A1 | Elementary user |
| A2 | Elementary user | A2 | Elementary user | A2 Elementary user | A2 | Elementary user |

Social competences and skills
Organizational competences and
skills

Team spirit

- Good experience in project and team management.

Technical competences and skills

- Scientific research activities in the field of petroleum-gas industry, technological pipes from refineries, crude oil transport systems, natural gas transport and distribution systems

Computer competences and skills Microsoft Office

Artistic competences and skills -

Other competences and skills -

Driving licence B Category

Additional information

Publications

Author or co-author in

- 15 books
- 130 articles published in specialized magazines or in books of certain national and international scientific events
- 70 research papers, design and engineering of oil deposits achieved based on agreements or through national competitions

Professional affiliations

2013 — 2015 — Secretary of State in the Ministry of Economy - Department of Energy and Energy Ministry
2013 — to date member of the Board of Directors of GDF Suez Energy Romania (Engie)
2013 — to date member of the Board of Directors of GDF Suez Energy Romania (Engie)
2006 to date member of the General Association of Engineers of Romania - AGIR.
2005 to date member of the Romanian Petroleum Engineers Society - SPEROM
1994 to date member of the Romanian Society of Thermo technicians - SRT
1992 to date - member of the commissions for supporting exams, papers and doctoral theses
2001 - 2004 and 2009 - 2013 - Member of the Board of Directors within Transgaz Meidas
2009 - 2013 - member of the ANRE Advisory Committee
2004 - 2006 - Member of the Board of Directors of CONPET S.A. Ploiești
2001 - 2004 - Member of the Board of Directors of Petrom SA;
2004 - 2009 - Member of the Board of Directors of Termoelectrica S.R. Ploiești
2002 - to date - member of the examination commissions for awarding the degree of plumbers - authorized by the National Authority for Regulation in the field of Natural Gas (ANRGN);

Representative works

Books

- N. Simescu, C. Trifan, **M. Albulescu**, D. Chisalita. *Gas activity from Romania, in transition to a free, functional market and integrable into the European Union*, UPG Publishing House., 2008, Ploiești
- C. Trifan, **M. Albulescu**, S. Neacsu. *Elements of fluids mechanics and technical thermodynamics*, UPG Publishing House., 2005, Ploiești
- C. Trifan, **M. Albulescu**. *Hidraulica, Transport and storage of petroleum and gas products*. Technical publishing house, 1998, Bucharest
- M.E., Ionescu, M., Stoicescu, **M.A. Albulescu** — *Thermal methods of petroleum recovery*. Elapis publishing house, Ploiești, 1998

Articles

- C. Eparu, S. Neacsu, E.M. Ionescu, **M. Albulescu**, A. Prundurel, *Phase behavior analysis of the water from natural gas along the pipelines*. Chemistry Magazine, 68, 5, 2017, 970-973
- C. Eparu, **M.A. Albulescu**, S. Neacsu, C. Albulescu, *Gas leaks through corrosion defects of buried gas transmission pipelines*, Chemistry Magazine, Vol. 65, Nr. 11, 2014, p. 1385-1390
- M. Albulescu**, C. Eparu, L. Medrea, V. Metea - *Calculation of Natural Gas Losses through Buried Distribution Pipes Faults*. Journal of University of Petroleum — Gas from Ploiești, Technical series, Vol. LXIII, No. 3, 2011, p. 77-86
- S. Neacsu, **M.A. Albulescu**, C. Eparu, *Performing and testing an environmentally friendly heating system for viscous oil transport*. Chemistry Magazine, Nr. 9, 2010
- C. Eparu, **M. Albulescu**, R. Radulescu - *Experimental Stand Used to Simulate Oil Transport through Pipelines*. Journal of University of Petroleum — Gas from Ploiești, Technical series, Vol. LXII, No. 38, 2010, p 179-186
- S. Neacsu, C. Trifan, **M.A. Albulescu**, *Considerations on the Errors Associated to the Measuring of the Amounts of Natural Gas Delivered to Household Consumers*. Chemistry Magazine, vol. 59 (7), pg. 796-801, 2008
- S. Neacsu, C. Trifan, **M. Albulescu**, R. Radulescu, *Numerical modeling of the viscous petroleum transport through pipelines under non-isothermal regime*. Chemistry Magazine vol 58 nr. 10 2007, pg. 992995
- C. Trifan, S. Neacsu, **M.A. Albulescu** *Transitional phenomena in natural gas polyethylene networks*. Plastics, no. 3/2006, pg. 211-pg. 214
- S. Neacsu, C. Trifan, **M. Albulescu**, E. Calota *Modeling of the contamination process of petroleum products in case of their successive transport through pipelines*. Chemistry Magazine no. 8/2006, pg. 870- pg. 876
- S. Neacsu, C. Trifan, **M. Albulescu**, R. Radulescu, *Numerical modeling of the viscous petroleum transport through pipelines under non-isothermal regime*. Chemistry Magazine vol 58 nr. 10 2007, pg. 992-995
- S. Neacsu, C. Trifan, **M. Albulescu**, Renata Radulescu, *Energy analysis of viscous petroleum transport under non-isothermal regime*. Journal of Petroleum and Gas 3/4 2007

**Europass
Curriculum Vitae**

Personal information

| | |
|----------------------------|---------------------------------|
| Surname(s) / First name(s) | Iacob Constantin Ciprian |
| Address(es) | |
| Telephone(s) | |
| Fax(es) | |
| E-mail | |
| Nationality | |
| Date of birth | |
| Gender | Male |

Work experience

| | |
|--------------------------------------|--|
| Period | 1. 2007 – to date; 2. 2005 – 2007 |
| Occupation or position held | 1. Attorney at law – "IACOB CIPRIAN" Solo Law Practice; 2. Collaborating attorney at law – "PUIU ANDI CONSTANTIN" Solo Law Practice and "CORNEL BOBOACĂ" Solo Law Practice. |
| Main activities and responsibilities | Activities: filing actions in court, assistance, representation and pleading in court |
| Name and address of the employer | "PUIU ANDI CONSTANTIN" Solo Law Practice and "CORNEL BOBOACĂ" Solo Law Practice |
| Type of activity and sector | Civil court, criminal court, labour disputes, commercial court |
| Period | November 2017 – to date |
| Occupation or position held | Member of CONPET S.A. Board of Administration |
| Name and address of the employer | CONPET no. 1-3, Anul 1848 Street, postal code 100559, Ploiești, Prahova |
| Period | 2014 – to date |
| Occupation or position held | Member of the Eparchial Council of Targoviste Archiepiscopate |
| Name and address of the employer | Targoviste Archiepiscopate, no.11, Mihai Bravu Street, Targoviste Municipality, Dambovita County |

| | |
|--|--|
| Education and training | |
| Period | 2010 - 2014 |
| Qualification / diploma awarded | Doctor of Management, defended the PhD Thesis "Communication, vector of increasing the performance of management in legal institution" |
| Main studied disciplines / achieved professional skills | Economic Sciences |
| Name and type of the education institution / training provider | "Valahia" University in Târgoviște |
| Period | 2012 - 2014 |
| Qualification / diploma awarded | Graduate of the Teaching Staff Training module |
| Main studied disciplines / achieved professional skills | Psychopedagogy training program Level I and II |
| Name and type of the education institution / training provider | "Valahia" University in Târgoviște |
| Period | 2006 - 2007 |
| Qualification / diploma awarded | Fully qualified lawyer |
| Main studied disciplines / achieved professional skills | Legal sciences |
| Name and type of the education institution / training provider | National Institute for Training and Development of Lawyers |
| Period | 2006 |
| Qualification / diploma awarded | Affiliation to Dâmbovița Bar as trainee lawyer, following examination |
| Main studied disciplines / achieved professional skills | Legal sciences |
| Name and type of the education institution / training provider | Dâmbovița Bar |
| Period | 2004 - 2006 |
| Qualification / diploma awarded | Master's Degree/Master's Thesis "Visible and invisible traces discovered at a crime scene" |
| Main studied disciplines / achieved professional skills | Legal sciences |

| | |
|--|--|
| Name and type of the education institution / training provider | "Gheorghe Cristea" University |
| Period | 2004 |
| Qualification / diploma awarded | "Entrepreneurial training course for young people" |
| Main studied disciplines / achieved professional skills | Economic sciences |
| Name and type of the education institution / training provider | Bucharest National Defence University in collaboration with the Central Public Administration and National Agency for Small and Medium Sized Enterprises and Cooperation |
| Period | 2000 – 2004 |
| Qualification / diploma awarded | Jurist |
| Main studied disciplines / achieved professional skills | Legal sciences |
| Name and type of the education institution / training provider | "Valahia" University in Târgoviște |
| Period | October 2011 |
| Qualification / diploma awarded | Environmental system manager |
| Main studied disciplines / achieved professional skills | Sustainable development policy in EU and Romania. Defining the environmental policy of the organization, Environmental management system. Environmental management standards |
| Name and type of the education institution / training provider | Teleorman Chamber of Commerce, Industry and Agriculture |
| Period | August 2011 |
| Qualification / diploma awarded | Trainer |
| Main studied disciplines / achieved professional skills | Preparing the training, Carrying out the training activities, Assessment of the training participants, Marketing of training, Organizing the training programs and courses |
| Name and type of the education institution / training provider | SC PRO TRAINING INTENS SRL |

| | | | | | | | | | | |
|--|--|----------------------|---------|----------------------|--------------------|---------------|-------------------|---------------|----------------|---------------|
| Other language(s) | Romanian | | | | | | | | | |
| Known foreign languages | | | | | | | | | | |
| Self-assessment | | | | | | | | | | |
| <i>European level (*)</i> | | | | | | | | | | |
| | Understanding | | | | | | | | | |
| | Listening | | Reading | | Spoken interaction | | Spoken production | | Writing | |
| English | C 2 | Basic user | C 2 | Basic user | B 2 | Basic user | B 2 | Basic user | C 1 | Basic user |
| French | B 2 | Independen t User | B 2 | Independen t User | B 1 | Basic user | B 1 | Basic user | B 2 | Basic user |
| <i>(*)Common European Framework of Reference for Languages</i> | | | | | | | | | | |
| Social abilities and skills | <ul style="list-style-type: none"> - Intelligence (logic thinking, memory, capacity of analysis and synthesis); - Team spirit; - Good communication skills; - Flexibility; - Responsiveness; - Capacity to adapt to solving issues acquired following the professional experience. | | | | | | | | | |
| Organizational skills | Expertise in project and management | | | | | | | | | |
| Technical abilities and skills | Word, Excel, Power Point, Internet | | | | | | | | | |
| Driving licence(s) | Yes, B category | | | | | | | | | |
| Other skills and competencies | Hobbies: lecture, travel, music | | | | | | | | | |
| Annexes | List of papers | | | | | | | | | |

LIST OR PUBLISHED PAPERS

MAIN AUTHOR

1. **Constantin Ciprian Iacob**, Ana Lucia Ristea (2015), "ORGANISATIONAL COMMUNICATION AND MANAGEMENT OF RISK SITUATIONS", published in Valahian Journal of Economic Studies (An International Review of Theories and Applied Studies in Performance Management) ISSN: 2067-9440, magazine rated by National University Research Council (CNCSIS) - type B+, BDI, EBSCO, RePec, DOAJ, Index Copernicus, Cabell's, ProQuest;

CO-AUTHOR

1. Constantin Popescu, Maria-Luiza Hrestic, **Constantin Ciprian Iacob (2012)**, "La durabilite en qualite de nouveau projet civilisateur", Revue Valaque D'Etude Economiques, Volume 3(17) NO. 2/2012, ISSN 2067-9459, p. 79-86, CNCSIS rated magazine - type B+, BDI, EBSCO, DOAJ, INDEX COPERNICUS;
2. Marius Petrescu, **Constantin Ciprian Iacob (2012)**, "Institutional Communication and its Implications in the Knowledge-Based Society", Valahian Journal of Economic Studies (An International Review of Theories and Applied Studies in Performance Management), Volume 3(17) Issue 1/2012, ISSN 2067-940, p. 75-82, CNCSIS rated magazine - type B+, BDI, EBSCO, RePec, DOAJ, Index Copernicus, Cabell's, ProQuest,
3. Silvia Elena Iacob, Constanta Popescu, **Constantin Ciprian Iacob (2012)**, "Network marketing and global communication" Ovidius University Annals Economic Sciences Series, Volume XII, Issue 1, 2012, Ovidius University Press Publishing House, ISSN 1582-9383, p. 986-990 (RePec, DOAJ indices);
4. Constantin Popescu, Constanta Popescu, **Constantin Ciprian Iacob (2011)**, "Stakes and Goals for the Construction of Ecological Governance", Revue Valaque d'Etude Economiques (un revue internationale de theories et d'etudes appliquees en matiere de gestion de la performance), Vol. 2(16), no. 4/2011, Maison d'édition Bibliotheca, Targoviste, 2011, ISSN 2067-9459, p. 13-20, CNCSIS rated magazine - no. 765 - type B+, <http://www.vjes.eu/images/2011/issue4/vjes%20vol.%202%202016%20issue%204%202011%20%20constantin%20popescu.pdf>:
5. Diana Andreia Hristache, Claudia Elena Paicu, Silvia Elena Popescu (Iacob), **Constantin Ciprian Iacob**, "Eco-responsibility and volunteerism. A new approach of sustainable development", paper defended and published at the Scientific Seminar "The Economic and ecological dimension of development in the third millennium", Third Edition, Bucharest, 11 April 2011, No. 121, B+ category, BDI Scopus and EBSCO, on CD format, ISSN 1582-2559;
6. Constanta Popescu, **Constantin Ciprian Iacob (2010)**, "Les structures organisationnelles actuelles" Revue Valaque d'Etude Economiques (un revue internationale de theories et d'etudes appliquees en matiere de gestion de la performance), Vol. 1(15), no. 3/2010, Maison d'édition Bibliotheca, Targoviste, 2010, ISSN 2067-9459, p. 143-147. CNCSIS rated magazine - no. 765 - type B+.

PAPERS PRESENTED DURING SCIENTIFIC EVENTS

1. **Constantin Ciprian Iacob, Ana Lucia Ristea (2014)**, "ORGANISATIONAL COMMUNICATION AND MANAGEMENT OF RISK SITUATIONS", paper presented at the International Conference "European Spaces", organized by "Valahia" University in Târgoviște, 17 - 18 October 2014;
2. Constantin Popescu, Maria-Luiza Hrestic, **Constantin Ciprian Iacob (2013)**, "L'Humanite appartient a la nature. A qui appartient la nature?", Le 58^{eme} Congres de l'AIELF "Le devenir de l'économie mondialisee", Universidad de Valladolid, Spain, 19 - 22 May 2013;
3. Constantin Popescu, Maria-Luiza Hrestic, **Constantin Ciprian Iacob (2011)**, "La durabilite en qualite de nouveau projet civilisateur", 57^{eme} Congres "Refondation financiere, sorties de crise

et nouvelles strategies de croissance economique". AIELF – Association Internationale des Economistes de Langue Francaise, Universite de Rijeka, Faculte d'Economie opatija, Croatia, 23 – 25 May 2011;

4. Constantin Popescu, Constanta Popescu, **Constantin Ciprian Iacob (2011)**, "Stakes and Goals for the Construction of Ecological Governance" The XIth Annual International Conference "The Risk in Contemporary Economy" RCE, 2010, 26 – 27 November 2010, Galati, Romania.
5. Constanta Popescu, **Constantin Ciprian Iacob (2010)**, "Les structures organisationnelles actuelles", The International Seminar European Spaces "European Economic Policies" 8 – 9 October 2010, Târgoviște.

PERSONAL INFORMATION

First name/Surname **Meșca, Darius Dumitru**
Address
E-mail
Nationality
Date of Birth

WORK EXPERIENCE

- Period 04.2017- to date
▪ Occupation or position held **Trade Operations Manager**
▪ Main activities and responsibilities Coordination of certain trade operations
- Employer's name and address **Electrica Furnizare S.A.**

- Period 08.10.2012 – 03.03.2017
▪ Occupation or position held **Director General**
▪ Main activities and responsibilities Coordination of the entire activity of the electricity supply company
▪ Employer's name and address **FDEE Electrica Distributie Muntenia Nord S.A.**

- Period 07.12.2012 - 25.03.2015
▪ Occupation or position held **Member of the Board of Administration of FDEE Electrica Distributie Muntenia Nord S.A. – appointed as per EGO 109/2011**
▪ Employer's name and address **FDEE Electrica Distributie Muntenia Nord S.A.**

- Period March 2013 - to date
▪ Occupation or position held **Administrator (member of the Board of Administration), appointed as per EGO 109/2011**
▪ Main activities and responsibilities **As per Law 31/1990 further amendments and additions**
▪ Employer's name and address **S.C. CONPET S.A.**

- Period 05.10.2010 - 07.10.2012
▪ Occupation or position held **Personal Advisor to the Chairman of Prahova County Council**
▪ Main activities and responsibilities **Counselling the Chairman of Prahova County Council on attracting and supporting investors at the County level**
▪ Employer's name and address **Prahova County Council**

- Period 12.03.2009 - 05.10.2009
▪ Occupation or position held **President holding rank Secretary of State**
▪ Main activities and responsibilities **Attraction of foreign investments in Romania**
▪ Employer's name and address **Government of Romania – ARIS (Romanian Agency for Foreign Investments)**

- Period 02.02.2007 - 20.01.2009
▪ Occupation or position held **Secretary of State**

Curriculum vitae

Europass

- Main activities and responsibilities **Coordination of the Energy Sector**
- Employer's name and address **Government of Romania - The Ministry of Economy and Trade**

- Period **21.12.2006 – 02.02.2007**
- Occupation or position held **Personal Advisor to the Minister of Economy and Trade**
- Main activities and responsibilities **Counselling the Minister of Economy and Trade in the Energy sector**
- Employer's name and address **Romanian Government – Ministry of Economy and Trade**

- Period **16.09.2005 - 21.12.2006**
- Occupation or position held **Secretary of State**
- Main activities and responsibilities **Coordination of the Energy System**
- Employer's name and address **Government of Romania – The Ministry of Economy and Trade**

- Period **01.04.2001 - 15.09.2005**
- Occupation or position held **Director General**
- Main activities and responsibilities **Coordination of the entire company's business specialized in the production and export (100%) of the metallic welded constructions type counterbalances, chassis, arms of the crane trucks and excavators.**
- Employer's name and address **S.C. Terqua SRL Ploiesti**

- Period **01.03.2001 - 01.04.2001**
- Occupation or position held **Director General**
- Main activities and responsibilities **Attracting Investors in the Industrial Park**
- Employer's name and address **SC Park Industrial Dacia SRL Ploiesti**

- Period **17.02.1998 - 01.03.2001**
- Occupation or position held **Director General**
- Main activities and responsibilities **Coordination of the entire company's business specialized in the production of metallic welded constructions- type silos, metallic scaffolds, elbows, curves etc.**
- Employer's name and address **S.C. DACIA S.A. Ploiesti**

- Period **18.09.1997 - 17.02.1998**
- Occupation or position held **Design Engineer**
- Main activities and responsibilities **Design of the oil and petrochemical equipment**
- Employer's name and address **S.C. Petroconsult SRL Ploiesti**

- Period **15.01.1997 - 19.09.1997**
- Occupation or position held **Design Engineer**

Curriculum vitae

Europass

- Main activities and responsibilities Design of the oil and petrochemical equipment
- Employer's name and address S.C. UZUC S.A. Ploiești
- Period 30.09.1996-15.01.1997
- Occupation or position held Production Engineer
- Main activities and responsibilities Coordination of a part of the production activity
- Employer's name and address S.C. UZUC S.A. Ploiești
- Period 05.09.1990 - 19.01.1991
- Occupation or position held Locksmith
- Main activities and responsibilities Specific activities related to locksmithery within the maintenance garage of M7 section
- Employer's name and address S.C. UPETROM S.A. Ploiești
- Period 2005 - 2008
- Occupation or position held Administrator (member of the Board of Administration)
- Employer's name and address S.C. FDTEE ELECTRICA MUNTEANIA NORD S.A., S.C. DISTRIGAZ-SUD S.A., S.C. CONPET S.A.
- Period 2010 - 2012
- Occupation or position held Administrator (member of the Board of Administration)
- Employer's name and address S.C. Hidro Prahova S.A.

EDUCATION AND TRAINING

- Name and type of organization providing education and training Ploiești Oil&Gas University
- Year 2011
- Qualification Awarded Ph.D. Engineer
- Area of Study Engineering, Ph.D. Thesis with the following title: "Research on enhance of behavioral performance at variable solicitations of the welded metallic constructions"
- Name and type of organization providing education and training Ploiești Oil & Gas University
- Period 1996 - 1997
- Qualification Awarded Post graduate Studies (Master)
- Area of Study Engineering
- Name and type of organization providing education and training Ploiești Oil&Gas University
- Period 1991-1996

Curriculum vitae
Europass

- Qualification Awarded Engineer
- Area of Study Mechanical and Electrical Engineering

**PERSONAL SKILLS AND
COMPETENCES**

- Native language Romanian
- Foreign languages English

| Self-assessment | Understanding | | Speaking | | Writing |
|-----------------|---------------|-----------|--------------------|-----------------|--------------------|
| | Listening | Reading | Spoken Interaction | Oral Production | Written production |
| | Very good | Very good | Very good | Very good | Very good |

DRIVING LICENSE Category B

Date: 14.06.2018

Signature:

S.s. Illegible

Curriculum vitae

Personal Information

First name / Surname **Nicușor Marian Buică**

Address

Telephone

Fax(es)

E-mail(s)

Nationality (es)

Date of birth

Work experience

| | Period |
|--------------------------------------|---|
| Occupation or position held | December 2017 - present |
| Main activities and responsibilities | General Manager |
| Name and address of employer | SAI Muntenia Invest SA Investment Management Company |
| Type of business or sector | Manager of Registered Alternative Investment Funds |

| | Period |
|--------------------------------------|---|
| Occupation or position held | May 2017 - present |
| Main activities and responsibilities | Member of the Board of Directors |
| Name and address of employer | INCERTRANS SA Company |
| Type of business or sector | Research - Design Institute |

| | Period |
|--------------------------------------|---|
| Occupation or position held | December 2016 - December 2017 |
| Main activities and responsibilities | Member of the Board of Directors |
| Name and address of employer | SAI Muntenia Invest SA |
| Type of business or sector | Investment Management Company |

| | Period |
|--------------------------------------|--|
| Occupation or position held | June 2016 - 7th December 2016 |
| Main activities and responsibilities | Member of the Board of Directors |
| Name and address of employer | Swiss Capital S.A. |
| Type of business or sector | Services and Financial Intermediation Company. Member of the Bucharest Stock Exchange |

| | Period |
|-----------------------------|----------------------------------|
| Occupation or position held | October 2015 - April 2016 |
| | State Secretary |

| | |
|--------------------------------------|--|
| Name and address of employer | Ministry of European Funds |
| Type of business or sector | Central Public Authority |
| Period | February 2015 - September 2015 |
| Occupation or position held | Member of the Board of Directors of CN „Loteria Română" S.A. |
| Name and address of employer | CN „Loteria Română" S.A. |
| Type of business or sector | Gambling development, organization, administration and exploitation |
| Period | December 2014 - July 2015 |
| Occupation or position held | Member of the Board of Directors of Enel Energie Muntenia S.A. |
| Name and address of employer | Enel Energie Muntenia S.A. |
| Type of business or sector | Electricity trading |
| Period | August 2014- December 2014 |
| Occupation or position held | Advisor Minister Delegate for Budget |
| Main activities and responsibilities | Ministry of Public Finance |
| Name and address of employer | Central Public Authority |
| Type of business or sector | |
| Period | March 2013 - March 2014 |
| Occupation or position held | State Secretary |
| Main activities and responsibilities | Ministry of Transport |
| Name and address of employer | Central Public Authority |
| Type of business or sector | |
| Period | June 2012 - November 2012 |
| Occupation or position held | State Secretary Advisor |
| Main activities and responsibilities | Organization and coordination of the Cabinet of State Secretary |
| Name and address of employer | Ministry of Environment and Climate Change |
| Type of business or sector | Central Public Authority |
| Period | July 2010 - June 2012 |
| Occupation or position held | Chairman of the Board of Directors of Dunapref S.A. |
| Main activities and responsibilities | Operational management of the company; Restructuring the company; Market repositioning; Turnaround management; Restructuring product types |
| Name and address of employer | Dunapref S.A. Portului Street, no. 2, Giurgiu |
| Type of business or sector | Prefabricated elements for civil construction, roads, bridges, railways |

| | |
|--------------------------------------|--|
| Period | January 2008 - May 2009 |
| Occupation or position held | Commercial Director |
| Main activities and responsibilities | Organization and coordination of business activity; Company repositioning; Management system restructuring |
| Name and address of employer | Apolodor Com Impex, Theodor Pallady Blvd., no.45C, District 3, Bucharest |
| Type of business or sector | Special foundations, Infrastructure works, Demolition work, Civil construction |
| Period | 2007 - July 2009 |
| Occupation or position held | Leader (Deputy Director) |
| Main activities and responsibilities | Empowered to lead and coordinate the daily work of the company; invested with the competence to engage the responsibility of the company, ensuring the current management of S.S.I.F |
| Name and address of employer | Active International S.A., Unirii Blvd., no. 45, District 3, Bucharest |
| Type of business or sector | Services and Financial Intermediation Company. Member of the Bucharest Stock Exchange |
| Period | March 2005 - December 2007 |
| Occupation or position held | Member of the Board of Directors - Executive Director |
| Main activities and responsibilities | Coordination and operationalization of investment activities and sales strategies; revamping; Sales network construction; Recovery management team |
| Name and address of employer | Elpreco S.A., Calea Severinului, no.44, Craiova, Dolj |
| Type of business or sector | Manufacturer of building materials |
| Period | February 2004 - 2006 |
| Occupation or position held | Internal review |
| Main activities and responsibilities | Regular monitoring and verification of the legal provisions affecting the activity of financial investment services and internal regulations as well as the observance by the company and its personnel of the respective provisions |
| Name and address of employer | Active International S.A., Unirii Blvd., no. 45, District 3, Bucharest |
| Type of business or sector | Services and Financial Intermediation Company. Member of the Bucharest Stock Exchange |
| Period | October 2001 - March 2005 |
| Occupation or position held | Development Manager |
| Main activities and responsibilities | Coordination and operationalization of investment activities and sales strategies; revamping; Sales network construction; Recovery management team |
| Name and address of employer | Elpreco S.A., Calea Severinului, no.44, Craiova, Dolj |
| Type of business or sector | Manufacturer of building materials |
| Period | January 1998 - September 2001 |
| Occupation or position held | Investment broker |

| | |
|--------------------------------------|---|
| Main activities and responsibilities | Coordination and operationalization of investment activity, procurement strategies (construction area analyst, construction material manufacturers). Portfolio management; Analysis of infrastructure and construction companies for the purchase of shares |
| Name and address of employer | Active International S.A., Unirii Blvd., no. 45, District 3, Bucharest |
| Type of business or sector | Services and Financial Intermediation Company. Member of the Bucharest Stock Exchange |

Education and training

| | |
|--|--|
| Period | October 2017 - November 2017 |
| Title of qualification awarded | Graduation certificate |
| Principal subjects/occupational skills covered | Innovation Manager |
| Name and type of organisation providing education and training | CIT - IRECSION Centrul de Informare Tehnologică SRL Bucureşti |
| Level in national or international classification | Specialization program |
| Period | October 2003 - March 2005 |
| Title of qualification awarded | Graduation certificate Master of Business Administration, no. 200513205 of November 22 nd 2005 |
| Principal subjects/occupational skills covered | Turnaround Management; Marketing management; Manager economics; Investment management; Business policy |
| Name and type of organisation providing education and training | City University, State of Washington, USA |
| Level in national or international classification | EMBA |
| Period | September 16th - 25th 2005 |
| Title of qualification awarded | Graduation certificate PROFESSIONAL SALES MANAGEMENT of September 25 th 2005 |
| Principal subjects/occupational skills covered | Techniques and sales methods; Modern systems for organizing sales departments Bucharest Chamber of Commerce and Industry and Royal Trading House S.R.L. |
| Name and type of organisation providing education and training | Specialization |
| Level in national or international classification | 1998 - 2003 |
| Title of qualification awarded | Diploma in Economics, U series, no. 0041447 / February 2003, Economics, Banking Financial Management Specialization |
| Principal subjects/occupational skills covered | Financial Management; Finance and Banking; The economy and the role of banks; Payment methods, tools and techniques; Financial analysis of economic agents; Introduction to marketing; Financing in international trade; Efficiency and valuation of investments; Asset and Liability Management |
| Name and type of organisation providing education and training | University of Craiova, Faculty of Economic Sciences |

| | | | | | |
|--|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Level in national or international classification | Bachelor's degree | | | | |
| Perioada | 1994 - 1997 | | | | |
| Title of qualification awarded | Engineering assistant diploma, P Series, no. 004495 / June 1997, Mechanics, Materials and defectoscopy specialization | | | | |
| Valedictorian | | | | | |
| Principal subjects/occupational skills covered | Mechanics; Material resistance; Electrical appliances; Electrical machines; Thermal machines; Constructive parts of fine mechanics | | | | |
| Polytechnic University of Bucharest, | | | | | |
| Name and type of organisation providing education and training | Graduation Diploma | | | | |
| Level in national or international classification | | | | | |
| Mother tongue(s) | Romanian | | | | |
| Other language(s) | | | | | |
| Self-assessment European level (*) | Understanding | Speaking | Reading | | |
| | Listening | Spoken interaction | Spoken production | Written expression | |
| English | B Independent 1 User | B Independent 1 User | B Independent 1 User | B Independent 1 User | B Independent 1 User |
| French | A Basic 2 user | A Basic 2 user | A Basic 2 user | B Independent 1 User | A Basic 2 user |

(*)Common European Framework of Reference for Languages

| | |
|---------------------------------------|--|
| Social skills and competences | Good ability to adapt to multicultural environments, team spirit. Verified skills in a professional context. |
| Organisational skills and competences | Organizational spirit, planning skills. |
| Computer skills and competences | Detailed knowledge of company management. Sales systems. Ability to analyze and implement new projects. Knowledge in the field of financial management. Technical knowledge in the field of mechanical industrial processes and in the field of machine building technologies. Competencies in coordinating and guiding production and sales activities. |
| Computer skills and competences | Good use of Microsoft Office tools (Word™, Excel™ and PowerPoint™). |

The undersigned, GABRIAN CORNEL DOREL, translator authorized by the Ministry of Justice, with the authorization no. 15713, do hereby certify the accuracy of this translation with the original Romanian document, which has been seen by me. Translator,



To: CONPET SA

Ploiesti, No. 1-3 1848 street, Prahova county, J29/6/1991,

CUI CUI 1350020

To the attention of the Board of Administration of the company

CONCERNING: Termination of contract of mandate concluded on 22.08.2018 registered under no. 33504/28.08.2018 modified by Addendum no. 1/2018 registered under no. 49448/18.12.2018.

The undersigned Karina Pavăl, residing in

identified with series..... No.member of the Board of Administration of CONPET SA, as proxy/administrator under the Contract of mandate concluded on 22.08.2018, registered under no. 33504/28.08.2018 modified by the Addendum no. 1/2018 registered under no. 49448/18.12.2018, in accordance with Art. 37.7 of the aforementioned contract, hereby will

NOTIFY

Waiver of the mandate of administrator for reasons not attributable to the parties. This waiver of office and as administrator is effective immediately and without requiring any other formality after the passage of 30 days stipulated by art. 37.7 from the date of registration within CONPET SA..

Data 04.06.2019.

KARINA PAVĂL



CONPET SA, ROMANIA

No. 1-3, Anul 1848 Street, Ploiesti. 100559, PRAHOVA

Tel: +40 - 244 - 401360; facsimile +- 40- 244-
516451 TIN: RO 1850020, NACE Code 4950;
J29/6/22.01.1991



romonio2019.eu

Subscribed and paid-up share capital 28 569
842.40 RON

Managerial reports and budget Bureau

S.C.A. no.

EXCERPT

DECISION NO. 16

dated 07.06.2019

The Board of Administration of CONPET SA
convened in the meeting held in 07.06.2019

DECIDES UPON:

Art. 4 takes note of the address received from Ms. Pavăl Karina registered at CONPET SA under no. 21798/

04.06.2019 regarding waiver of office and as administrator for reasons not attributable to the parties, as per art. 37.7 from the contract of mandate concluded at 22.08.2018 (registered under no. 33504/28.08.2018 and modified by the Addendum no. 1/2018 registered under no. 49448/18. 12.2018), the notice taking effects from the date of filing the above-mentioned address at CONPET SA.

CHAIRMAN OF THE BOARD OF
ADMINISTRATION CRISTIAN- FLORIN
GHEORGHE



www.conpet.ro



CONPET S.A., România
 Str. Anul 1848 nr. 1-3, Ploiești, 100559, Prahova
 Tel: +40 - 244 - 401360; fax: + 40 - 244 - 516451
 CIF: RO 1350020; Cod CAEN 4950; J29/6/22.01.1991
 Capital social subscris și vărsat 28 569 842,40 lei

Objectives and financial and non-financial key performance indicators for Directors with mandate contracts achieved between 01.01.2019-31.12.2019

| Crt. no. | Performance indicator | PERFORMANCE OBJECTIVE | MU | (Period 01.01.-31.12.2019) | | | Degree of achievement KPI (%) | KPI weights for the settlement of the remuneration | Degree of achievement KPI (%) |
|---|---|--|------|----------------------------|-----------------|--------|-------------------------------|--|-------------------------------|
| | | | | Target values | Achieved values | | | | |
| A. KEY PERFORMANCE INDICATORS - FINANCIAL: 50% | | | | | | | | | |
| 1 | Outstanding payments | Level zero | kRON | 0 | 0 | 100.0% | 5% | 5.0% | |
| 2 | The decrease of the operating expenses = (Operating expenses – Impairments of assets and impairments of provisions)/ Turnover | The maintenance of the share of expenses in the turnover at the level assumed by the Administration Plan | % | 82.60% | 79.2% | 104.2% | 20% | 20.8% | |

| | | | | | | | | | |
|--|---|---|--------|--|-----------|---------|--------|-------|------|
| 3 | Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses regarding the settlement of the modernization quota + Impairments of tangible and intangible assets, here included the revaluation differences). | The realization of adjusted EBITDA target assumed by the Administration Plan | kRON | 90,316 | 109,391 | 121.1% | 20% | 24.2% | |
| 4 | Labor Productivity | Achievement of the labor productivity level provided in the annual approved Budget | kRON | 260 | 279 | 107.3% | 5% | 5.4% | |
| B. NON- FINANCIAL KEY PERFORMANCE INDICATORS: 50% | | | | | | | | | |
| B1 OPERATIONAL: 30% | | | | | | | | | |
| 5. | Framing within the specific consumptions for the crude oil transport (does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in contamination, where the owners do not ease access for remedy). | The target value is lower than the value of the maximal technological consumption, for crude oil | % | Domestic crude oil ≤ 0.361 Achieved = 0.314% Lukoil imported crude oil ≤ 0.29% Achieved 0.104% Petrom imported crude oil ≤ 0.143 Achieved 0.123% Midia imported crude oil ≤ 0.108 Achieved 0.097% | 0.301 %*) | 0.207 % | 131.2% | 5% | 6.6% |
| 6 | Monitoring of the annual electricity average specific consumption for technological purposes | Maintenance of the annual electricity average specific technological consumption at a level of max 3.3 Kwh/to | Kwh/to | Max 3.3 Kwh/to | 3.3 | 2.64 | 100.0% | 5% | 5.0% |

| | | | | | | | | | |
|--|--|---|---|-----------------------------|------|--------------------|--------|-----|---------------|
| 7 | Achievement of the investments financed out of the modernization quota | Min. Realization 95% of the annual Investments Plan financed out of the Modernization Quota | % | ≥ 95 % | 95% | 214.5 % | 100.0% | 20% | 20.0% |
| B2. OF CORPORATE GOVERNANCE: 20% | | | | | | | | | |
| 8 | Implementation/development of the internal control management system in compliance with the legal requirements in force | 100% achievement of the actions included in the program | % | 100% | 100% | 100% | 100.0% | 10% | 10.0% |
| 9 | Duly reporting of the degree of achievement of the performance indicators of the company | Framing within the reporting due deadlines | % | 100% | 100% | 100% | 100.0% | 5% | 5.0% |
| 10 | Growth of institutional integrity by inclusion of the measures to mitigate corruption as an element of the management plan | Minimum 90% achievement of the measures assumed by the approved Integrity Plan | % | ≥ 90 % | 90% | 100% | 100.0% | 5% | 5.0% |
| Total degree of achievement of the performance indicators: | | | | | | | | | 107.0% |
| *) Average technological consumption (calculated according to each type of transport) | | | | | | | | | |
| | | | | | | | | | |
| | Director General | | | Deputy Director General | | Economic Director | | | |
| | PhD Eng. CHIŞ Timur Vasile | | | Adviser Dumitrache Anamaria | | Econ. Toader Sanda | | | |

REPORT
on the internal control management system at 31 December 2019

Pursuant to Art. 4 para. (3) of Government Ordinance no. 119/1999 concerning the internal control management and preventive financial audit, republished, further amendments and suppletions, the undersigned *Timur Vasile Chiș*, in capacity of DIRECTOR GENERAL, hereby declare that the company CONPET SA Ploiesti has an internal control management system whose design and implementation allows the management (and, where appropriate, the Board of Administration) to provide reasonable assurance that the funds managed in order to achieve objectives and targets have been used in conditions of legality, regularity, effectiveness, efficiency and economy.

This declaration is based on a realistic, accurate, complete and reliable assessment on the internal control management system of the entity, formulated based on the self-evaluation thereof.

The internal control management system includes self-control mechanisms and the application of the measures on improving its effectiveness is based on risk assessment.

In this case, I mention the followings:

- The monitoring commission is functional;
- The development program of the internal control management system is annually implemented and updated;
- The risk management process is organized and monitored;
- The documented procedures are prepared 100% of the procedural activities inventoried;
- The performance monitoring system is established and evaluated for the objectives and activities of the entity, by performance indicators.

Based on the results of the self-assessment, I appreciate that on December 31st, 2019 the internal control management system of CONPET SA Ploiesti complies with the standards contained in the Code of internal control management.

I hereby mention that the statements contained in this report are formulated by assuming managerial responsibility and are based on data, information and findings recorded in the documentation of the internal control system management self-assessment.

| | | | | | Annex no. |
|---|-----------------|---------------|------------------------------|--|---|
| List of the procurement contracts concluded by the company in 2019 (with values higher than 100,000 RON) | | | | | |
| Crt. no. | Contract number | Contract Date | Partner | Contract Scope | Value of the contract (RON, VAT excluded) |
| 1 | 2019/S-CA 57 | 27-MAR-19 | SNTFM CFR Marfă SA | Transport services by rail of the crude oil and rich gas from the loading ramps to the destinations settled by CONPET | 242,420,640.00 |
| 2 | 2019/L-CA 431 | 11-DEC-19 | TALPAC SRL | Design for Replacement of the 14' Baraganu-Calareti crude oil pipeline, resulting from intelligent pigging (in sections) in length of 15,972 m , by adjusting the estimated coefficient greater than 0.8 | 15,289,739.96 |
| 3 | 2019/L-CA 136 | 03-JUN-19 | ARGENTA SRL CONSTANTA | Execution tank construction works for the crude oil storage, 2,500 cm, inside the pumping Stations Orlesti and Poiana Lacului | 13,425,237.53 |
| 4 | 2019/L-CA 116 | 22-MAY-19 | INVEST GENERAL CONSTRUCT SRL | Design and execution of crude oil pipeline replacement 24 Călăreți-Pietroșani (7 routs) in total length of 5920ml | 12,182,310.10 |
| 5 | 2019/L-CA 75 | 03-APR-19 | EUROSTING AAW INDUSTRY SRL | Rehabilitation crude oil loading ramp Berca and rehabilitation crude oil loading ramp Ciresu | 9,316,695.88 |
| 6 | 2019/L-CA 95 | 23-APR-19 | EUROSTING AAW INDUSTRY SRL | Rehabilitation crude oil loading ramp Marghita and rehabilitation crude oil loading ramp Imeci | 9,054,032.56 |

| | | | | | |
|----|---------------|-----------|---|---|--------------|
| 7 | 2019/L-CA 186 | 09-JUL-19 | ARGENTA SRL CONSTANTA | Objective 1: Replacement of the crude oil transport Ø10 3/4" Siliste - Ploiesti, in the area Brazi Stadium - interior, on a length of approx. 1170 m and replacement of the cleaning installation and Objective 2: Replacement of the crude oil transport 8 5/ 8", new Refinery Vega-Brazi, in the area Refinery Petrobrazi - keyboard SKIDs, Prahova County, on a length of approx. 800 m and replacement of the cleaning installation., | 7,360,117.70 |
| 8 | 2019/L-CA 425 | 06-DEC-19 | LIDER GLENCE SRL | PR + EX modernization and monitoring of cathodic protection system at central level and of sector related to the import crude oil transport pipelines and domestic crude oil transport - Phase II for a total of 30 cathodic protection stations | 6,179,019.42 |
| 9 | 2019/P-CA 168 | 26-JUN-19 | CEZ SALE | Electricity Supply Batch 1 | 5,723,945.75 |
| 10 | 2019/L-CA 148 | 10-JUN-19 | CONSTRUCȚII FEROVIARE DRUMURI ȘI PODURI | Design and execution safety disposal works for Prahova river over crossing with the 12 3/4" and 14 3/4" pipelines Cartojani Ploiesti, Stejaru village, Brazi commune - final stage, complex project | 5,449,500.00 |
| 11 | 2019/S-CA 149 | 11-JUN-19 | ENVIROTECH SRL | Frame-contract of services related to the recovery of the environment and contaminated water courses, take-over contaminated field | 4,734,628.64 |
| 12 | 2019/S-CA 157 | 21-JUN-19 | RELOC SA | Transformation LDH locomotive, 700HP, in LDE with electric transmission | 3,736,600.00 |
| 13 | 2019/L-CA 183 | 03-JUL-19 | EIFFAGE ENERGIE SYSTEMES MECI | Design and installation of crude oil measurement skids relocated belonging to purchaser CONPET SA (confirmation solution, detailed design PT + DE + DTAC (DTAC, where applicable) supply/acquisition, modification/construction, inspection, testing, installation, commissioning metrology and certification MID) | 3,118,185.10 |

| | | | | | |
|----|---------------|-----------|---|---|--------------|
| 14 | 2019/S-CA 277 | 28-AUG-19 | QUALITY BUSINESS SOLUTIONS SRL | Geographical Patrimonial Inventory system (GIS) | 2,999,745.00 |
| 15 | 2019/S-CA 100 | 06-MAY-19 | ROMANIA EUROEST SA | RR LDH 1250 HP | 2,973,631.00 |
| 16 | 2019/P-CA 405 | 18-NOV-19 | RCI LEASING ROMANIA IFN SA | Purchase of 30 4& 4 SUVs in financial leasing system. | 2,728,653.92 |
| 17 | 2019/P-CA 94 | 23-APR-19 | TINMAR ENERGY S.A. | Natural Gas Acquisition | 2,512,950.12 |
| 18 | 2019/S-CA 150 | 11-JUN-19 | ENVIROTECH SRL | Subsequent contract of services related to the recovery of the environment and contaminated water courses, take-over contaminated field | 2,185,213.95 |
| 19 | 2019/P-CA 170 | 26-JUN-19 | CEZ SALE | Electricity Supply Batch 3 | 1,780,498.89 |
| 20 | 2019/S-CA 146 | 07-JUN-19 | DIRECTOR SPECIAL TROOPS - D.S.T. SRL | Providing security, protection, intervention services in relation to CONPET SA objectives and assets | 1,716,854.40 |
| 21 | 2019/L-CA 478 | 19-DEC-19 | BALTUR SIB SRL SIBIU | Modernization of the thermal power plant and heating network - Baicoi crude oil station | 1,491,563.07 |
| 22 | 2019/S-CA 474 | 18-DEC-19 | SIGNAL IDUNA ASIGURARE REASIGURARE S.A. | Voluntary health insurance services for CONPET employees | 1,444,568.58 |
| 23 | 2019/P-CA 169 | 26-JUN-19 | CEZ SALE | Electricity Supply Batch 2 | 1,263,869.39 |
| 24 | 2019/L-CA 176 | 27-JUN-19 | OPTICOM CONSULTING SRL | Telephone system migration to full IP (VoIP) | 1,187,433.46 |

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|----|---------------|-----------|-----------------------------|--|--------------|
| 25 | 2019/L-CA 73 | 09-APR-19 | GAZPET INSTAL SRL PLOIESTI | Sistemization of technological keyboards of the Ø10¾" F1 10" F2 pipelines Siliste-Ploiesti, respectively 8"+10" Ploiesti Belt and mounting of the cleaners reception installation on the 10" F1 crude oil pipeline Siliste-Ploiesti in the area of Gara de Vest Railway Station, Ploiesti city, Prahova County | 1,150,790.29 |
| 26 | 2019/L-CA 165 | 25-JUN-19 | RUXO SERVICE CONSTRUCT | Replacement works of the crude oil transport pipelines 12 3/4 and 14 3/4 Cartojani-Ploiesti, in Baldana locality area Dambovita county, lenght 530 m | 1,142,888.49 |
| 27 | 2019/L-CA 301 | 24-SEP-19 | RUXO SERVICE CONSTRUCT | Replacement of two pipeline section from the crude oil transport pipeline Ø 6 5/8 Urziceni- keyboard Albești Paleologu section valve Jilavele-Borna 1, 1900 m in length and Borna 2-valve Armășesti road, 400 m in length. | 897,560.45 |
| 28 | 2019/S-CA 335 | 07-OCT-19 | SNIF PROIECT SA | Design for: BATCH 1 pipeline replacement 20" C4 - Baraganu on 3 sections, C2-C3 on 6 sections and Baraganu - Calareti on 6 sections | 870,000.00 |
| 29 | 2019/S-CA 283 | 03-SEP-19 | VTG RAIL EUROPE GMBH | Rental tank cars for rich gas transport. | 843,227.85 |
| 30 | 2019/P-CA 309 | 01-OCT-19 | AUTOMECHANICA MEDIAS SRL | Special vehicle dump car four-wheel drive 6x6 | 807,342.00 |
| 31 | 2019/S-CA 393 | 06-NOV-19 | CON METAL CF SRL | Overhaul, current maintenance and repair of industrial rail lines CONPET SA | 695,161.32 |
| 32 | 2019/S-CA 61 | 01-APR-19 | BRILIANT TECHNOLOGIES S.R.L | Integrated Satellite Surveillance and Monitoring System, GPS, for the auto fleet and the locomotives park of CONPET S.A. | 690,160.00 |
| 33 | 2019/S-CA 306 | 26-SEP-19 | TERMOKLIMA SRL | Check, adjustment and repair of safety valves | 658,665.00 |
| 34 | 2019/L-CA 74 | 10-APR-19 | PROCALI PROD CONS SRL | Design+Biled building rehabilitation works (draw locomotive) and Baicoi (PSI hall, crude oil pumps hall) | 639,995.64 |

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|----|---------------|-----------|------------------------------|--|------------|
| 35 | 2019/L-CA 456 | 16-DEC-19 | BALTUR SIB SRL SIBIU | Modernization of the thermal power plant - Calareti crude oil station | 619,141.92 |
| 36 | 2019/L-CA 264 | 22-AUG-19 | PETROCONSTRUCT GROUP SRL | Rehabilitation works road Cartojani, Giurgiu county | 590,304.08 |
| 37 | 2019/L-CA 235 | 29-JUL-19 | RUXO SERVICE CONSTRUCT | Design and execution works Batch 1 replacement pipe section length of approx. 500 meters of pipe 5 9/16 Copaceni-Vega Refinery and smart pigging railways | 577,020.33 |
| 38 | 2019/S-CA 69 | 04-APR-19 | SERVICE FAUR SRL | RG planned repair to locomotive LDH 92530810834-7 | 563,627.75 |
| 39 | 2019/S-CA 115 | 22-MAY-19 | PETROSTAR S.A. | Solution study and design regarding the placement of a smart pigging receiving station in Pietroșani area, along the pipeline 24" Călăreți- Pietroșani and optimization of connections between this pipeline and line 1 and 2, 12"- Teleajen | 549,000.00 |
| 40 | 2019/S-CA 68 | 04-APR-19 | SERVICE FAUR SRL | RR planned repair to locomotive LDH 92530810803-2 | 540,337.86 |
| 41 | 2019/S-CA 162 | 24-JUN-19 | METROSENZOR SRL | Functional verification, repair and metrological verification electronic weighing systems of the rail tanks | 508,920.00 |
| 42 | 2019/L-CA 239 | 30-JUL-19 | GAZPET INSTAL SRL PLOIESTI | Design and execution works LOT 2: relocation routes pipelines on land owned by the Company SPECTRUM LOGISTICS SRL, located within the built area of Ariceștii Rahtivani commune, Prahova County | 500,182.26 |
| 43 | 2019/P-CA 484 | 31-DEC-19 | DINAMIC CONSULT SRL Ploiesti | FRAMEWORK AGREEMENT Supply materials and spare parts for pumps | 500,000.00 |
| 44 | 2019/S-CA 307 | 30-SEP-19 | ROMFLEX SISTEM SRL | Maintenance services and support for the Integrated IT System (SII) | 468,000.00 |

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|----|------------------|-----------|------------------------------|---|------------|
| 45 | 2019/S-CA 180 | 01-JUL-19 | MULTIMODAL SERVICE SRL | Maintenance of locomotives type LDH 450,700, 1250 HP | 439,814.28 |
| 46 | 2019/P-CA 421 | 28-NOV-19 | AUTOMECHANICA MEDIAS SRL | Semitrailer tank ADR 30.000 liters for crude oil and condensate transport | 430,200.00 |
| 47 | 2019/S-CA 331 | 03-OCT-19 | PETROSTAR S.A. | Design for "pipeline 20" replacement Constanta C1 on 8 sections (approx. 13.600 m) BATCH 2 | 430,000.00 |
| 48 | 2019/L-CA 259 | 12-AUG-19 | ATMOS INTERNATIONAL LIMITED | Supply for the investment object "pilot system for detection and location of pipeline leaks Poiana Lacului-Siliste-Ploiesti (design, supply, installation, configuration, testing)", of the software programmes ATMOS SIM OFFLINE and ATMOS TRAINER | 421,333.10 |
| 49 | 2019/L-CA 252 | 08-AUG-19 | EUROSTING AAW INDUSTRY SRL | Design+ Execution of works of PSI relocative tank installation and design+execution cooling ring in the crude oil storage tank R1 in Independenta buffer storage tank | 418,200.01 |
| 50 | 2019/L-CA 257 | 09-AUG-19 | SWISO ELECTRIC SRL | Design and execution of power supply works - increase of power- Headquarters II CONPET | 390,163.28 |
| 51 | 2019/S-CA 111 | 21-MAY-19 | SERVICE FAUR SRL | RR LDH 92530850159 -0 | 380,103.00 |
| 52 | 2019/L-CA-CD 397 | 08-NOV-19 | GLOBAL ELECTRO CONSTRUCT SRL | Replacement of tiles on terraces of the Central Dispatch Building | 368,749.13 |
| 53 | 2019/L-CA 475 | 18-DEC-19 | PETROCONSTRUCT GROUP SRL | Maintenance and recovery of alleys and platforms in Barbatesti storage tank and ramp | 363,732.85 |
| 54 | 2019/L-CA 175 | 27-JUN-19 | MICROCIP ELECTRONICS SRL | Video surveillance system locations CONPET Telecommunications SA | 361,867.08 |

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|----|------------------|-----------|------------------------------------|---|------------|
| 55 | 2019/L-CA-CD 289 | 04-SEP-19 | LIDER GLENCE SRL | development of hydro geological study to determine aquifers accessible and appropriate for the shaft for drinking water, design services and execution of underground water supply works, Pecica ramp Arad county, water drilling well | 339,000.00 |
| 56 | 2019/P-CA 187 | 11-JUL-19 | ROMFLEX SISTEM SRL | Replacement of storage device used by the ERP | 328,147.00 |
| 57 | 2019/P-CA 39 | 06-MAR-19 | PRODUCTION | FRAMEWORK AGREEMENT supply of consumables for printers and multifunctional devices | 324,000.00 |
| 58 | 2019/S-CA 342 | 10-OCT-19 | BDO Audit SRL | Statutory audit services for the financial years ended 31.12.2019, 31.12.2020, 31.12.2021; review services for the interim financial statements at 30.06.2020, 31.12.2021, 30.06.2022; related services report preparation for agreed procedures and additional reports | 316,914.00 |
| 59 | 2019/S-CA 44 | 12-MAR-19 | CARMENSIMI GRUP | Planned repairs without intervention to the container (RP-FIR) to 9 rail tanks of 80 cm for rich gas transport and RIF-RRU to a crude oil rail tank | 296,968.13 |
| 60 | 2019/S-CA 126 | 30-MAY-19 | SNIF PROIECT SA | Solution study and design regarding the layout of a pipeline connecting Pietroșani and Petrobrazi refinery | 263,000.00 |
| 61 | 2019/P-CA 424 | 03-DEC-19 | RIK SRL | Stationery and office supply | 260,218.70 |
| 62 | 2019/S-CA 15 | 01-FEB-19 | OMNIASIG VIENNA INSURANCE GROUP SA | Services of voluntary insurance against accidental damage and theft, type CASCO for auto | 245,733.58 |
| 63 | 2019/S-CA 121 | 28-MAY-19 | Litex Impex SRL | Maintenance for Mitsubishi cars | 240,000.00 |
| 64 | 2019/S-CA 134 | 31-MAY-19 | AUTOKLASS CENTER | Maintenance for Mercedes cars | 240,000.00 |

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|----|---------------|-----------|-----------------------------------|--|------------|
| 65 | 2019/S-CA 404 | 14-NOV-19 | MHS TRUCK SERVICE SRL | Maintenance for MAN cars | 240,000.00 |
| 66 | 2019/S-CA 303 | 24-SEP-19 | MUNMEDICA SRL | Occupational health medical services | 234,548.00 |
| 67 | 2019/S-CA 281 | 02-SEP-19 | REVAG SRL | Maintenance and remediation of accidental defects to tanks and cargo handling equipment at the rail tanks 60 cm, 80 cm and 86 cm | 197,444.00 |
| 68 | 2019/S-CA 178 | 28-JUN-19 | PETROSTAR S.A. | Design services for safety works of overcrossing Arges river 12 3/4" si 14 3/4" Cartojani-Ploiesti,Gaiseni locality Giurgiu county | 192,500.00 |
| 69 | 2019/P-CA 38 | 06-MAR-19 | ROMVEGA SRL | Purchase of three (3) sets consisting of three (3) ultrasonic flow meters FLUXUS F721 Flexible, 6 (six) sets of CLK1N52 pairs of sensors and necessary accessories | 189,226.80 |
| 70 | 2019/S-CA 382 | 23-OCT-19 | DENDRIO SOLUTIONS SRL | Support for Cisco equipments | 183,873.30 |
| 71 | 2019/P-CA 192 | 12-JUL-19 | MAGUAY COMPUTERS SRL | Database server process | 169,200.00 |
| 72 | 2019/S-CA 419 | 25-NOV-19 | TEAM OIL SRL PLOIESTI | Design services for relocation of CONPET objectives due to the modernization of Satuc crude oil treatment storage tank belonging to OMV Petrom | 159,800.00 |
| 73 | 2019/L-CA 300 | 24-SEP-19 | RUXO SERVICE CONSTRUCT | Design and execution of replacement works of oil pipeline 6 5/8 Biled-Satchinez wire 1 inside the loading ramp Biled from the smart pigging station up to the outer limit of the perimeter ramp to Satchinez deposit | 154,997.47 |
| 74 | 2019/S-CA 278 | 28-AUG-19 | PROFESSIONAL MANAGEMENT SOLUTIONS | GIS consultancy services | 148,500.00 |
| 75 | 2019/L-CA 251 | 06-AUG-19 | EUROSTING AAW INDUSTRY SRL | Supply, installation and commissioning for personalized campus module and ecological septic tank - Independenta Buffer Storage | 147,000.00 |

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|--|------------------------|-----------|---------------------------------------|--|------------|
| 76 | 2019/S-CA 250 | 05-AUG-19 | CARMENSIMI GRUP | Remedy of accidental defects at crude oil transport tanks oil a 60 cm, and rich gas 86 cm - elements of traffic safety | 139,407.54 |
| 77 | 2019/L-CA-CD 481 | 23-DEC-19 | REGIA AUTONOMA RASIROM | Design, supply, installation and commissioning of a technical security system to protect the special compartment, the technical areas managed by the Department of Telecommunications and SCADA offices located at the Company's administrative headquarters two CONPET SA | 129,917.29 |
| 78 | 2019/S-CA - CD 120 | 28-MAY-19 | PI.MON.SERV.COM. SRL Bucuresti | Pest and vermin control services at the premises of CONPET | 129,615.36 |
| 79 | 2019/S-CA 284 | 03-SEP-19 | UTI FACILITY MANAGEMENT S.A. | Maintenance services for air conditioning devices in the work sites belonging to CONPET SA | 125,678.00 |
| 80 | 2019/P-CA 42 | 11-MAR-19 | COMPACT INDUSTRIAL SRL | Supply of sulfur analyzer with fluorescence X-ray energy dispersive | 118,000.00 |
| 81 | 2019/S-CA - CD 231 | 19-JUL-19 | DNV GL BUSINESS ASSURANCE ROMANIA SRL | Services of recertification of quality management systems, environmental, health and safety at work and energy | 115,198.00 |
| 82 | 2019/P-CA 483 | 31-DEC-19 | MOL ROMANIA PETROLEUM PRODUCTS SRL | FRAMEWORK AGREEMENT - supply of oil, greases and lubricants for technological installations and auto fleet | 111,750.00 |
| 83 | 2019/S-CA 255 | 08-AUG-19 | ELLIS 92 SRL | Development services of feasibility study for the rehabilitation of loading and unloading ramp Cretulescu-Astra | 109,500.00 |
| | | | | | |
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| | | | | | |
| <u>Important revenues contracts concluded in 2019</u> | | | | | |
| | | | | | |
| | Contract number | | Partner | Contract Scope | |

| Crt. no. | | Contract Date | | | Value of the contract (RON, VAT excluded) |
|----------|--------------------|---------------|------------------------------------|--|---|
| 1 | 2019/BC OMV 32 | 26-FEB-19 | SC OMV PETROM SA | OMV Crude oil, rich gas and ethane transport | 308,746,562.00 |
| 2 | 2019/ BC 428 | 10-DEC-19 | SC PETROTEL LUKOIL SA | CONTRACT FOR TRANSPORT OF CRUDE OIL | 145,478,176.00 |
| 3 | 2019/ BC 438 | 12-DEC-19 | SC ROMPETROL RAFINARE CONSTANTA SA | Midia crude oil transport | 1,680,000.00 |
| 4 | 2019/BC LUK CF 427 | 10-DEC-19 | SC PETROTEL LUKOIL SA | CONTRACT FOR TRANSPORT OF CRUDE OIL | 1,012,440.00 |
| 5 | 2019/ BCF 230 | 19-JUL-19 | STANDARD LOGISTIC d.o.o. | Crude oil transport services | 454,100.00 |
| | | | | | |
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Deputy Director General

Adviser Anamaria Dumitracă

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HEAD OF CONTRACTS TRACKING SERVICE

ENG. RADU ALBU

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| | | | | | Drafted by |
| | | | | | Ciprian Sava |

TRANSLATION FROM ROMANIAN

ANNEX NO. 7

List of case files at 31.12.2019 on the docket of the courts of law on 12.03.2020

a) List of the case files at 31.12.2019 on the docket of the courts of law on 12.03.2020 in which the company CONPET S.A. is the respondent

1. Case file no. 8296/281/2007 – the Ploiești Court

Parties : Cornea Rodica Aurora – claimant

Conpet S.A., Petrotrans S.A., Transgaz Bucharest Regional Branch, Ministry of Finances – respondents

Object : Cornea Rodica Aurora requests the court to rule the defendants' joint obligation to pay civil compensatory damages in the amount of 74,000 euros representing the damage caused by the presence of pipelines belonging to the defendants in the basement owned by the claimant and the payment of civil damages provisionally assessed at the amount of 10,000 lei for the period February 2004 - February 2006 as a result of the use of pipelines that crossed the claimant's property.

Clarifications: The case is suspended on the basis of art. 36 of Law no. 85/2006.

Trial stage: First court on merits

2. Case file no. 8297/281/2007 – the Ploiești Court

Parties : Rusu Mihaela – claimant

Conpet S.A., Petrotrans S.A., Transgaz Bucharest Regional Branch, Ministry of Finances – respondents

Object : Rusu Mihaela requests the court to rule the defendants' joint obligation to pay civil compensatory damages in the amount of 74,000 euros representing the damage caused by the presence of pipelines belonging to the defendants in the basement owned by the claimant.

Clarifications: The case is suspended on the basis of art. 36 of Law no. 85/2006.

Trial stage: First court on merits

3. Case file no. 5248/111/2014 – the Alba Iulia Appellate Court**

Parties: Conpet SA – respondent

Poenar Ioan – claimant

Object: Obligation to do.

Clarifications: By the decision no. 27 / 08.01.2015 the Bihor Tribunal admits the exception of the functional non-competence of the Second Civil Section, invoked by the court ex officio. The court transposes the action formulated by the claimant to the Third Section of Administrative and Tax Litigation (where it receives *).

By the decision no. 1238 / 16.04.2015 the Bihor Tribunal admits the exception of its territorial non-competence. The court declines the competence to resolve the specified request in favour of the Hunedoara Tribunal.

By the **judgment no. 196/16.02.2017** the Hunedoara Tribunal rejects the administrative litigation action filed by the claimant Poenar Ioan in contradictory with the respondents Conpet SA and the

Regional General Directorate of Public Finance Timisoara through the County Public Finance Administration. The decision was attacked with recourse by Poenar loan.

The Alba Iulia Appellate Court admits the recourse, annuls the attacked judgment and sends the case for retrial to the Hunedoara Tribunal.

By the **judgment no. 372/14.03.2019** the Hunedoara Tribunal rejects the administrative litigation action filed by the claimant Poenar loan in contradictory with the respondents SC Conpet SA and the Regional General Directorate of Public Finance Timisoara through the County Administration of Public Finance Hunedoara. The decision was attacked with recourse by Poenar loan.

By the **Conclusion of 25.09.2019** the Alba Iulia Appellate Court suspends the trial because of the parties' absence.

Trial stage: Recourse - Suspended

Next court date: --

4. Case file no. 14960/280/2015 – the Pitești Court

Parties: Conpet – respondent

Cîrstea Stelian - claimant

Cîrstea Gherghina – claimant

Object: Obligation to do + Claims. The claimants filed a petition of trial asking the court to rule the obligation of Conpet SA to proceed to the following:

1. The payment for the deprivation of use since the acquisition of the land - 06.10.2014, deprivation of use which is provisionally evaluated at the amount of 1000 lei.
2. The removal of the pipes and installations located on the land owned by the claimants, and if this is not possible, to obligate Conpet to pay a monthly amount equivalent to the value of a rent for the land affected by the pipes and installations located on it - at the level of rents practiced on the free market.
3. The payment of the trial costs.

The claimants increased their claims to the amount of 6,276 lei, representing the deprivation of use since 06.10.2014 until now.

Trial stage: First court on merits

Next court date: 31.03.2020

5. Case file no. 21382/281/2015 – the Ploiești Court

Parties: Conpet - respondent

Iordache Margareta - claimant

Object: Iordache Margareta filed a petition of trial asking the court to rule the obligation of Conpet SA to pay the value of the deprivation of use of the real estate property owned by the claimant, strip of land located in the commune of Blejoi, the village of Ploieștiori, field 24, plot 187/15, for the last three years prior to the submission of the petition.

Clarifications: By the **Conclusion of 02.05.2017** the Ploiești Court suspends the trial of the case under art. 242 subsection (1) of the Civil Procedure Code. The Conclusion may be attacked by recourse while the trial is suspended. The case was reinstated on the court docket on 28.11.2017.

Trial stage: First court on merits

Next court date: 18.03.2020

6. Case file no. 3451/108/2016* – the Timișoara Appellate Court

Parties: Conpet SA – respondent

UAT of the town of Pecica - claimant

Object: The UAT of the town of Pecica filed a petition of trial asking:

Principal claims:

- the obligation of the respondent Conpet S.A. to divert the oil pipeline that crosses a number of 22 plots of intra muros land, intended for the construction of dwellings, which are in our property, with a total area of 20,287 sq.m.

- the obligation of the respondent Conpet S.A. to pay the sum of 65,000 euros representing the value of the house located on plot no. A141.7760 / 5/174, inscribed the Land Register no. 306869 because it can no longer be used by the undersigned entity.

Subsidiary claims:

- the obligation of the respondent Conpet S.A. to pay an annual rent, during the existence of the pipeline, as a result of encumbrance of the surfaces mentioned above with the legal servitude / easement right exercised by Conpet SA;

- the obligation of the respondent Conpet S.A. to grant compensatory damages for the period 31.10.2014 - 31.05.2016 as a result of the limitation of the attributes of the right of ownership over the 22 plots of intra muros land and the decrease of the value of the circulation value of the land on the real estate market due to the restrictions imposed by Order 196/2006 of A.N.R.M. regarding constructions;

- the obligation of the respondent Conpet S.A. to adapt every 3 years the amount of the compensatory damages to the current circulation value at that time of similar strips of lands and to the provisions of the A.N.R.M. future orders.

- the setting by the court of the maturity date when the compensations shall be paid annually, and to rule that failure to pay by the next maturity date should trigger the payment of the legal interest related to the amount received as compensation for the delay period;

- the awarding of the trial costs incurred in case of opposition.

Clarifications: By the **Conclusion** of 07.12.2016 the Arad Tribunal finds the functional non-competence of the 1st Civil Section of the Arad Tribunal and declines in favour of the Second Civil Section of the Arad Tribunal the judgment of the action introduced by the claimant the Territorial Administrative Unit of the town of Pecica.

By the Conclusion nr. 40/26.01.2017 the Arad Tribunal rejects the request to highlight the right holder filed by the respondent Conpet SA in contradictory with the claimant UAT of the town of Pecica and with the intimated parties the Romanian State through the MFP and the National Agency for Mineral Resources. The Conclusion was attacked with appeal by Conpet (Case file no. 3451/108/2016 * / a1 – the Appellate Court Timisoara, next court date: 14.03.2017). By the decision no. 211 / 20.03.2017 the Appellate Court Timisoara rejects the appeal.

By the **judgment no. 336/18.05.2017** the Arad Tribunal rejects the civil action brought by the claimant UAT of the City of Pecica in contradictory with the respondent SC Conpet SA having as object Obligation to do and claims. No costs. The decision was attacked with appeal by UAT Pecica City.

By the **decision no. 761/23.11.2017** the Timisoara Appellate Court admits the appeal. It annuls the judgment appealed and sends the case for retrial to the Arad Tribunal. Conpet formulated recourse. Through the Report dated 07.06.2018 the High Court of Cassation and Justice found the inadmissibility of Conpet's recourse, as it was introduced against a final decision, which does not fall within the hypothesis regulated by art. 483 para. 1 of the Civil Procedure Code. The parties may submit, in writing, a point of view on the report within 10 days from its notification. By the Conclusion of 10.10.2018 the High Court of Cassation and justice - ICCJ admits in principle the recourse declared by the recourse petitioner-respondent Conpet S.A. against the civil decision no. 761 / A of November 23rd 2017 ruled by the Timisoara Appellate Court – 2nd Civil Section. The court sets the next court date for resolving the appeal for January 30th 2019. By the **decision no. 615/22.03.2019** the High Court of Cassation and justice - ICCJ admits the recourse introduced by the recourse petitioner-respondent Conpet S.A., annuls the attacked decision and sends the case for a new trial to the same appellate court.

Trial stage: Appeal – retrial

Next court date: 06.04.2020

7. Case file no. 220/262/2017 – the Dâmbovița Tribunal

Parties: Conpet SA – respondent

Chivu Ion – claimant

Object: Chivu Ion filed a petition of trial requesting the court to rule the following:

- the obligation of Conpet SA to divert the oil pipeline that crosses the land in his property, with an area of 1,753 sq.m. located in the commune of Ocnita T14, P114;

- the establishment of the access site with the obligation of Conpet SA to pay an annual rent for both the access way and the pipeline that produces prejudices to the land;
- compensatory damages for the land affected by the pipeline.

The claimant provisionally assessed his claims at the amount of 45,540 lei / year x 3 years (136,620 lei).

Clarifications: By the **judgment no. 1000/05.11.2019** the Moreni Court partially accepts the main part of the petition. The court partially admits the counterclaim. The judgment was attacked with appeal by Conpet SA and Chivu Ion.

Trial stage: Appeal

Next court date: 07.04.2020

8. Case file no. 5413/204/2017 – the High Court of Cassation and Justice

Parties: Conpet SA – respondent

ANRM – respondent

Dobrogeanu Dumitru – claimant

Dobrogeanu Păun Ioan – claimant

Object: Claims. Dobrogeanu Dumitru and Dobrogeanu Păun Ioan filed a petition of trial asking the court to rule the obligation of the respondents to proceed to the following:

1. The payment of an annual rent for the land areas occupied by the two oil pipelines transporting oil products (crude oil) starting with 01.07.2014 and in the future, throughout the existence of the pipes;
2. The obligation of the respondents to pay the losses suffered by not achieving economic objectives in the remaining area between the two pipes after their restriction and the area along DN1 (E60);
3. The payment of the trial costs.

The first part of the claim was estimated by the claimants at the amount of 48,000 Euro / year (220,000 lei), and the second part at the amount of 25,000 lei / year.

Clarifications: By the decision no. 594 / 28.02.2018 the Campina Court admits the exception of the Campina Court material non-competence to solve the case, invoked by the court ex officio. The court declines jurisdiction to settle the claim in favour of the Prahova Tribunal. Without any attack way.

By the **judgment no. 2446/28.08.2018** the Prahova Tribunal admits the exception of the lack of passive procedural capacity, invoked by the respondent the National Agency for Mineral Resources Bucharest. The court rejects the claim, in contradictory with this respondent, as formulated against a person without a procedural capacity. The court admits the exception of judged case authority. The court rejects the petition against the respondent SC Conpet SA, as there is a judged case authority. The court finds that the respondents did not ask for trial costs. The decision was attacked with appeal by Dobrogeanu Dumitru.

By the **decision no. 2804/11.11.2019** the Ploiești Appellate Court rejects the appeal declared by the appellant Dobrogeanu Dumitru as unjustified. The court admits the exception of the inadmissibility of the appeal. The court rejects as inadmissible the appeal declared by the appellant Dobrogeanu Păun Ioan. The decision was attacked with recourse by Dobrogeanu Dumitru and Dobrogeanu Păun Ioan.

Trial stage: Recourse

Next court date: --

9. Case file no. 4561/281/2018 – the Ploiești Court

Parties: Conpet SA – respondent

Ovidenie Dumitru – claimant

Object: Ovidenie Dumitru filed a petition for trial asking the court:

- to find that on the land with an area of 335 sq.m. located in the commune of Brazi, T31, plot 178/19, in accordance with Article 7 paragraph 1 of Law no. 238/2004 updated, a right of legal servitude / easement is established;
- to establish the annual rent to the claimant, according to the provisions of art.7 paragraph 2 of Law no.238 / 2004, calculated at 5 Euro / sq.m.;
- to rule the obligation of the respondent to pay this rent for the last 3 years".

Clarifications: --

Trial stage: First court on merits

Next court date: 19.03.2020

10. Case file no. 3060/105/2018 – the Bihor Tribunal

Parties: Conpet – respondent

Pop Liviu – claimant

Ciordas Gheorghe – claimant

Object: Pop Liviu and Ciordas Gheorghe filed a petition for trial asking the court to rule the finding of fact that during the periods mentioned in the employment records they were employed in positions and worked 100% of the work program within the sections included in the second working group and the first working group, namely with special and extraordinary conditions, and consequently to rule the obligation of the respondent to issue the afferent certificates.

Clarifications: By the **judgment no. 3522/26.11.2018** the Prahova Tribunal admits the exception of territorial non-competence invoked by the court ex officio. It declines the case for settlement to the Bihor Tribunal.

Trial stage: First court on merits

Next court date: 19.03.2020

11. Case file no. 5212/105/2018 – the Prahova Tribunal

Parties: Conpet SA – respondent

Fondul Proprietatea SA / The Proprietatea Fund SA – claimant

Object: Fondul Proprietatea SA / The Proprietatea Fund SA formulates filed a petition for trial requesting the court to rule the following:

1. The obligation of Conpet to pay the amount of 734,747.04 lei, representing the net value of the dividends related to a share of 6% of the share capital of Conpet, respectively for a number of 524,366 shares held by the claimant on the date of registration of the Conpet Ordinary General Assembly of Shareholders, namely 25.04.2007 (i.e. 14.05.2007), afferent to the 2006 financial year,

2. The obligation of Conpet to pay compensatory damages, namely the legal interest related to the dividends from maturity due date requested in point 1 and until the date of the introduction of the petition for trial (i.e. 09.11.2018), in an amount of 579.015.97 lei.

3. The obligation of Conpet to pay the legal interest related to the net value of the dividends, subsequently, from the date of the petition for trial and until the actual payment of the requested amounts,

4. The obligation of Conpet to pay the trial costs incurred by the present dispute

Conpet S.A. filed a Call for Romanian State Guarantee through the Ministry of Finance and A.A.S.

Clarifications: By the **Conclusion of 25.06.2019** the Prahova Tribunal rejects as inadmissible the request for guarantee call of the Authority for the Administration of State Assets, formulated by the respondent Conpet S.A. and admits in principle the request for guarantee call of the Romanian State through the Ministry of Public Finances, formulated by the respondent Conpet S.A.

Against the conclusion of 25.06.2019, Conpet and the Romanian State through the Ministry of Public Finances filed an appeal, case was registered by the Ploiești Appellate Court as the case file no. 5212/105/2018 / a2. For the resolution of the two appeals by the Appellate Court Ploiești, the Prahova Tribunal by the Conclusion of 20.09.2019 suspended the trial of the case on merits until the resolution of the appeals introduced against the judgment pronounced on 25.06.2019.

By the Decision no. 515 / 05.11.2019 ruled in the case file no. 5212/105/2018 / a2, the Ploiești Appellate Court admits the exception of the inadmissibility of the appeal declared by the Romanian State through the Ministry of Public Finances. The court rejects this appeal as inadmissible. The court rejects the exception of the lack of interest and the exception of the inadmissibility of the appeal declared by Conpet SA invoked by Fondul Proprietatea / The Proprietatea Fund. Final judgement.

Compared to the solution ruled by the Ploiești Appellate Court, that of rejecting the two appeals, the Prahova Tribunal reput the case file on the court docket in order to judge the merits of the case.

Trial stage: First court on merits

Next court date: 04.05.2020

12. Case file no. 524/302/2019 – the Bucharest Tribunal

Parties: Conpet SA – intimated

BEJ Răduță Nicoleta – appellee

Dobrogeanu Păun loan – claimant

Object: Dobrogeanu Păun loan files a contestation to execution against the forced execution constituting the object of the forced execution case file no. 16/2017 and the acts of forced execution, namely: acknowledgment of seizure dated 27.12.2018, conclusion of 11.12.2018 regarding the establishment of the additional execution expenses and the notification of 11.12.2018, issued in the forced execution file no. 16/2017 requesting the annulment of the forced execution and the aforementioned forced execution acts and the joint obligation of the intimated - creditor Conpet SA and BEJ Răduță Nicoleta to pay the trial costs.

Clarifications: By the judgment no. 799/07.02.2019 the 5th District Court Bucharest admits the exception of the exclusive territorial non-competence of the 5th District Court Bucharest, an exception invoked ex officio. The court declines the jurisdiction to settle the case in favour of the 6th District Court Bucharest.

By the **judgment no. 3819/29.05.2019** the 6th District Court Bucharest admits the exception of the lack of passive procedural capacity of BEJ Răduță Nicoleta, invoked by it. The court rejects the contestation against the intimated BEJ Răduță Nicoleta, for lack of passive procedural capacity. The court partially admits the contestation. The court partially annuls the notification of establishment of the seizure dated 11.12.2018 in case file no. 16/2017, regarding the main debt in the amount of 13,220.50 lei. The judgment was attacked with appeal by the contestant.

Trial stage: Appeal

Next court date: 04.05.2020

13. Case file no. 1474/105/2019* – the Prahova Tribunal

Parties: Conpet SA – respondent

The Municipality of Ploiești – claimant

Object: The Municipality of Ploiești filed a petition for trial, requesting the court to rule the following:

- the obligation of Conpet to pay the amount of 17,748 lei / month, representing the value of the deprivation of use, starting from 30.03.2016 and until the moment of concluding a contractual form with the respondent, amount that will be updated by the inflation index communicated by the National Institute of Statistics;
- the obligation of Conpet to pay the lei equivalent of the amount of 72,110.17 euros (VAT excluded), at the official leu / euro exchange rate, communicated by the National Bank of Romania, valid at the date of payment, representing the value of the deprivation of use for the period 29.03.2013 - 29.03.2016
- the obligation of Conpet to pay the trial costs incurred by this process

Clarifications: By the **decision no. 908/20.06.2019** the Prahova Tribunal admits the exception of the functional non-competence of the Prahova Tribunal - the Second Civil Section of Administrative and Fiscal Litigation. The court declines the case having as object the action of criminal liability, in favour of the Prahova Tribunal – 1st Civil Section. Without any attack way.

Trial stage: First court on merits

Next court date: 19.03.2020

14. Case file no. 198/241/2020 – the Horezu Court

Parties: Podurachi lordachi – claimant

Conpet S.A. – respondent

Object: Podureanu lordachi filed a petition for trial requesting the court to rule the following:

- the obligation of the respondent Conpet SA to pay the sum of 150,000 lei representing moral damages
- the obligation of the respondent Conpet SA to pay the trial costs.

Clarifications: --

Trial stage: First court on merits

Next court date: --

b) List of the case files at 31.12.2019 on the docket of the courts of law on 12.03.2020 in which the company CONPET S.A. is the claimant

1. Case file no. 11921/105/2011 – the Bacău Tribunal

Parties: Conpet S.A. - claimant

Biodiesel S.R.L. - respondent

Object: Claims. Conpet S.A. filed a petition for trial requesting the court to rule the following:

- the obligation of the respondent Biodiesel S.R.L to pay to Conpet S.A. the amount of 216,821.44 lei, representing the land rent value for the period June 2009 - April 2011;

- the obligation of respondent Biodiesel S.R.L to pay to Conpet S.A. the delay penalties due by the respondent pursuant to art. 11 of the Contract no. ADM 89 / 27.04.2009 concluded between the parties as a result of the breach by the respondent of the obligation to pay the rent. Conpet requests the respondent to pay the late payment penalties due from the due date until the effective date of payment (the date of fulfilment of the payment obligation of the principal debt amount representing the rent due for the period May 2009 - April 2011). We specify that until 11.11.2011 the amount due by the respondent with the title of late penalties is in the amount of 30,653.77 lei;

- the obligation of the respondent to pay compensatory damages for the deprivation of use of the land from the date of the contract expiry (28.04.2011) until the present. When evaluating the damages for the deprivation of use, we considered the amount of the rent agreed with the respondent through the lease Contract no. ADM 89 / 27.04.2009;

- the obligation of the respondent Biodiesel S.R.L. to pay the trial costs that we shall bear in this case.

Clarifications: By the **judgment no. 445/04.03.2015** the Moinești Court rejects the exception of contract non-execution. The court partially admits the petition submitted by the claimant Conpet SA Ploiești in contradictory with the respondent Biodiesel SRL. The court obligates the respondent to pay to the claimant the amount of 191,554.60 lei representing the rent equivalent. The court obligates the respondent to pay to the claimant the amount of 106,026.58 lei representing the equivalent of late payment penalties, which will be due from the date of 20.11.2014 until the effective payment of the rent. The court rejects the part of the petition related to the claim for damages. The court rules the obligation of the respondent to pay to the claimant the amount of 10,599.31 lei representing the stamp court fee in case of admission of the action and the expert fee. The judgment was attacked with appeal by Conpet and Biodiesel.

By the **Conclusion of 08.03.2016** the Bacău Tribunal rules the suspension of the appeal judgment in accordance with art. 244 (1) 1 of the Old Civil Procedure Code until the final solution of the case file no. 5119/260/2014. Conpet introduced a recourse against the suspension conclusion. It will be tried at the Bacău Appellate Court. By the decision of 07.09.2016 the recourse was rejected.

Trial stage: Appeal – Suspended

Next court date: --

2. Case file no. 19024/281/2009 – the Ploiești Court

Parties: Conpet S.A. - claimant

Compania de Transport Feroviar S.A. / The Railroad Transport Company S.A. Ploiești - respondent

Object: Conpet filed a petition for trial, requesting the court to rule the obligation of the respondent to pay the amount of 50,511.6 lei representing the payment difference from the value of the repair of the LDH 70-675 locomotive engine in the amount of 60,381.60 lei, as well as the trial costs.

Clarifications: By the conclusion of 02.09.2011 the court **suspended** the case based on art. 36 of Law 85/2006.

Trial stage: First court on merits - **Suspended**

Next court date: --

3. Case file no. 6179/105/2009 - the Prahova Tribunal

Parties: Conpet S.A. - creditor

Petroconduct S.A. – debtor

Object: Bankruptcy. Conpet S.A. by the Receivables Declaration no. 5949 / 23.02.2010 requested the registration in the creditor's table with the amount of 202,890.47 lei representing penalties for untimely execution of the obligations assumed by the contracts no. L45 / 18.03.2004 and MST9 / 09.06.2004, the value of pipeline material, transport costs, loading, unloading of pipeline material, trial costs. Conpet SA was registered in the creditors' table of the debtor company S.C.. Petroconduct S.A. with the amount of 62,739.06 lei.

Clarifications: The judicial liquidator of the debtor has registered the company in the preliminary table of the debtor with only a part of the debt demanded by Conpet, respectively 62,739.06 lei out of the total debt amounting to 216,412.56 lei, although our company has formulated all the attack ways at its disposal.

Next court date: 01.04.2020

4. Case File no. 3033/105/2012 – the Prahova Tribunal

Parties: Conpet SA – creditor

Vasrep Petro Construct SRL – debtor

Object: Bankruptcy. Conpet SA formulates a petition for claim admission requesting the inscription on the table of creditors of Vasrep Petro Construct SRL with the amount of 126,877 lei, VAT included, representing the value of the expenditure for the material, manpower and equipment needed for bringing the pipeline back to the condition before the illicit deed committed by the debtor, deed consisting in the destruction and unrightful appropriation of two sections in length of 4,120 ml of the Ø 10¾" pipeline Iancu Jianu - Gherceşti. Conpet formulates a contestation against the measure of not registering Conpet SA in the Preliminary Table with this claim for receivables, which constitutes the object of case file no. 3033/105/2012 / a1. By the Judgment no. 1958 / 19.11.2012, the Prahova Court rejects Conpet's contestation, Conpet formulated a recourse. The Ploieşti Appellate Court admitted the appeal, annulled the judgment of the first court on merits and sent the case for retrial.

By the judgment no. **1008/17.09.2014** (case file no. 3033/105/2012/a1*) the Prahova Tribunal admits the contestation to the preliminary title. The court rules the registration of the contestant creditor Conpet S.A. in the definitive table of debts of the debtor with the amount of 1,473,628 lei for the value of material, manpower and equipment as well plus 120 lei judicial fee stamp for the recourse and 2500 lei expert fee. Vasrep formulated a recourse.

By the **decision no. 141/15.01.2015** the Ploieşti Appellate Court rejects the recourse as unjustified.

Trial stage: First court on merits

Next court date: 28.04.2020

5. Case file no. 2803/120/2013 – the Dambovita Tribunal

Parties: Conpet SA – creditor

Ecpod SRL - debtor

Object: Insolvency. Petition for receivables admission. Conpet SA has filed a petition for receivables admission against the assets of the Ecpod debtor in the amount of 25,728.89 lei. Conpet is listed in the Table of Creditors with the amount of 25,728.89 lei.

Trial stage: First court on merits

Next court date: 16.03.2020

6. Case file no. 7932/118/2013* – the Constanţa Tribunal

Parties: Conpet SA - civil party

Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Luca Viorel, Meridicos Romeo Ovidiu, Dimofte Petronel, Matei Marius Ionut, Ahălanai Ioan - defendants

Romeo International Service Company SRL Năvodari - defendant

Romeo International Service Company SRL Năvodari represented by Nicolaidis Constantin - defendant

Ministry of Public Finances - ANAF - civil party

DGFP - civil party

Object: Fiscal evasion crimes (Law 87/1994, Law 241/2005), art. 323 of the Criminal Code, Qualified Theft (art. 208-209 of the Criminal Code). Conpet SA constituted as civil party for the amount of 928,785.94 lei representing the value of the quantity of crude oil (277 tons), of the pipeline remediation works and of the laboratory tests.

Clarifications: By the **judgment no. 472/17.12.2015** the Constanța Tribunal admits the civil action filed by the civil party Conpet SA Ploiești. The court rules the joint obligation of the defendants Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Ahălanai Ioan, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Merdicos Romeo Ovidiu, Dimofte Petronel, Luca Viorel and Matei Marius Ionut to pay to the civil party Conpet SA. the amount of 90,814.50 lei (the value of 30 tons of crude oil stolen on 27.05.2013). The court rules the joint obligation of the defendants Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Ahălanai Ioan, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Merdicos Romeo Ovidiu, Dimofte Petronel, Luca Viorel and Matei Marius Ionut to pay to the civil party Conpet SA. the amount of 93,841.65 lei (the value of 31 tonnes of crude oil stolen on 31.05.2013). The court rules the joint obligation of the defendants Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Ahălanai Ioan, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Merdicos Romeo Ovidiu, Dimofte Petronel, Luca Viorel and Matei Marius Ionut to pay to the civil party Conpet SA. the amount of 111,027.27 lei (the value of 36 tonnes of crude oil stolen on 03.06.2013). The court rules the joint obligation of the defendants Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Ahălanai Ioan, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Merdicos Romeo Ovidiu, Dimofte Petronel, Luca Viorel and Matei Marius Ionut to pay to the civil party Conpet SA. the amount of 585,977.25 lei (the value of 190 tons of crude oil stolen on 04.06.2013 and 05.06.2013). The court rules the joint obligation of the defendants Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Ahălanai Ioan, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Merdicos Romeo Ovidiu, Dimofte Petronel, Luca Viorel and Matei Marius Ionut to pay to the civil party Conpet SA. the amount of 17,289.32 lei representing the value of the decommissioning works of the artisan installation and for bringing the pipeline back to the initial state. The court rules the joint obligation of the defendants Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Ahălanai Ioan, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Merdicos Romeo Ovidiu, Dimofte Petronel, Luca Viorel and Matei Marius Ionut to pay to the civil party Conpet SA. the amount of 9,576.84 lei representing the value of laboratory tests, for 17 oil product samples. The court takes act that the civil party Conpet SA. gave up civil claims in the amount of 20,268.11 lei for the deed of 03.08.2013 because the damage was fully recovered. The judgment was attacked with appeal by the defendants.

By the **decision no. 675/10.06.2016** the Constanța Appellate Court admits the appeals introduced by the Prosecutor's Office within the Constanța Court and by the appellants defendants Bivolaru Gabriel, Chihaiia Marin, Mangalea Gheorghe, Arhire Adrian, Poenaru Marius Ciprian, Boamfa Paul, Luca Viorel, Merdicos Romeo Ovidiu, Dimofte Petronel, Matei Marius Ionut, Ahălanai Ioan and SC Romeo International Service Company SRL Năvodari. The court annuls in its entirety the criminal sentence no. 472 / 17.12.2015 ruled by the Constanța Tribunal in the case file no. 7932/118/2013 and rules the case to be sent back to the Constanța Tribunal. Here it receives * and the case is sent to the preliminary chamber judge (7932/118/2013 * / a1).

By the **Conclusion no. 93/28.02.2017** the Constanța Tribunal rejects as unjustified the requests and exceptions raised by defendants Bivolaru Gabriel, Chihaiia Marin, Merdicos Romeo Ovidiu, Arhire Adrian and Mangalea Gheorghe. The court finds and declares the legality of the sending to court the Indictment no. 569 / P / 2013 of 30.08.2013 issued by the Prosecutor's Office within the Appellate Court Constanța, by which the defendants were sent to trial. The court ascertains the legality of the administration of the evidence and of the acts of criminal prosecution. The court orders the beginning

of the trial of the case. The Conclusion was attacked by contestation, rejected by the Constanta Appellate Court.

Also, by the Conclusion of 28.02.2017 the Constanta Court finds the exception of unconstitutionality admissible. The court requests the Constitutional Court to solve the unconstitutionality exception invoked by the defendant Bivolaru Gabriel, in case file no. 7932/118/2013 * of the Constanta Court, regarding the unconstitutionality of the provisions of the disposition. art. 280 paragraph 1, art. 281 paragraph 1 and art. 282 paragraphs 1 and 2 of the Criminal Procedure Code - case file no. 812D / 2017. The exception was rejected as inadmissible.

Trial stage: First court on merits-retrial

Next court date: 01.04.2020

7. Case file no. 1862/114/2014 – the Buzău Tribunal

Parties: Conpet SA – creditor

Geluval Stor SRL – debtor

Object: Conpet SA formulates a petition for receivables admission requesting the inscription in the table of the creditors of Geluval Stor SRL with the sum of 1,440.90 lei, representing delay penalties due for late payment after the deadline provided in the contract of the value of 7 invoices issued by Conpet for the services rendered under Contract no. STA 101 / 20.03.2012 concluded with the respondent, the amount to which the debtor was obliged by judgment no. 8867 / 16.06.2014 ruled by Ploiești Court in case file no. 109/281/21014, remained final by non-appealing.

Conpet was entered in the preliminary table of the creditors' receivables against the debtor Geluval Stor SRL with the amount of 1,440.90 lei.

Trial stage: First court on merits

Next court date: 23.04.2020

8. Case file no. 1510/262/2014 – the Moreni Court

Parties: Conpet SA - claimant

Pîrvu Gheorghe – respondent

Pîrvu Nicolae - respondent

Grigorescu Gabriel - respondent

Zlăteanu Dragoș Marian - respondent

The Commune of Dărmănești, legally represented by the Mayor of the Commune of Dărmănești - respondent

SC Nimb Dâmbovița SA –respondent

Object: Conpet formulates petition for trial asking the court to rule the joint obligation of the defendants to pay to Conpet the amount of 34,944.18 lei as civil damages - representing the value of the remediation works of the pipeline and fiber optic cable Link 14, destroyed on 03.06.2011, in the area of Dărmănești commune, Dâmbovița county, works necessary to bring them to the initial state, namely the state before the commission of the deed, that is to say in working condition, amount to which the legal interest is added starting with the date of the definitive judgment ruled in the present case and until the date of the actual payment; the payment of trial costs.

Clarifications: By the Conclusion of 08.01.2015 the Moreni Court suspends the trial of the case in relation to the respondent SC Nimb Dambovita SA. The court disjoins the case regarding the other defendants and rules the opening of a new case file (184/262/2015).

Trial stage: First court on merits - **Suspended**

Next court date: --

9. Case file no. 6819/118/2013 – the Constanța Tribunal

Parties: Conpet SA – creditor

Tobias SRL – debtor

Object: Bankruptcy. Conpet S.A. requested the registration in the creditor table of the debtor with the amount of 663 lei representing the value of 230 kg of aluminum (575 lei) and 110 kg of scrap iron (88 lei), handed over to Tobias SRL on 04.06.2013, under the contract of waste sale and purchase no. 2013 / ADM / 15.02.2013 concluded between Conpet and Tobias.

The request formulated by Conpet was admitted in part by the judicial administrator, in the sense that our company was inscribed in the creditors' table with the debt amounting to 643.11 lei, the difference of 19.89 lei representing 3% Environmental Fund contribution due to Administration of the Environment Fund.

Trial stage: First court on merits

Next court date: 21.05.2020

10. Case file no. 717/105/2015 - the Prahova Tribunal

Parties: Conpet SA - creditor

Football Club Petrolul Ploiești SA - debtor

Object: Bankruptcy. Conpet filed an application for admission of the receivables by which it applied for registration in the table of the debtors of the Football Club Petrolul Ploiești SA with a debt amounting to 14,465.33 lei. Conpet was entered in the table of creditors' receivables due by the debtor with the requested amount.

Clarifications: By the **Judgment** no. 821 / 22.06.2016 the Prahova Tribunal admits the request of the judicial administrator. The court approves the conclusions of the report of the judicial administrator. The court orders the commencement of the general bankruptcy procedure. The court orders the dissolution of the debtor company and the lifting of the administration right of the debtor. The court orders the sealing of the assets from the debtor's estate and the execution of the other liquidation operations.

Trial stage: First court on merits

Next court date: 06.05.2020

11. Case file no. 13386/3/2015 – the Bucharest Tribunal

Parties: Conpet SA – creditor

Perfect Metal SRL – debtor

Object: Bankruptcy. Conpet S.A. requested the registration in the creditors' table of the debtor with the amount of 221,189.85 lei representing delay penalties, damages, interest and court costs. The application was admitted, but Conpet was included in the table in the category of unsecured creditors and not in the category of secured creditors, as would be the case when considering the content of our application for registration on the preliminary table of creditors. Conpet filed a contestation against the preliminary table of claims, which is the subject of file no. 13386/3/201 / a1 with next court date on 18.09.2015. By the Decision no. 7106 / 18.09.2015 the Bucharest Tribunal rejects the appeal as unjustified.

Trial stage: First court on merits

Next court date: 13.03.2020

12. Case file no. 19602/3/2015 – the Bucharest Tribunal

Parties: Conpet SA – creditor

Top Birotica SRL – debtor

Object: Bankruptcy. Conpet S.A. requested the registration in the creditors' table of the debtor with the amount of 2,258.72 lei representing the delay penalties due for the delayed delivery of the equipment that were the object of the contract P-CA 438 / 17.11.2014.

Trial stage: First court on merits

Next court date: 25.03.2020

13. Case file no. 2899/62/2015 – the Brașov Tribunal

Parties: Conpet SA – creditor
Condmag SA - debtor

Object: Bankruptcy. Application for admission of the Conpet receivables claim against the assets of the debtor Condmag SA- 42,950.85 lei representing penalties, made of guaranteed receivables in the amount of 40,927.28 lei and the unsecured receivables in the amount of 2,023.57 lei.

Trial stage: First court on merits

Next court date: 14.04.2020

14. Case file no. 8156/281/2014 – the Ploiești Court

Parties: Conpet SA – civil party
Matei Marinel – revision petitioner

Object: Qualified theft. Revision. Matei Marinel formulates a request for revision of the criminal decision no. 1383 / 14.10.2013 pronounced by the Ploiești Appellate Court in case file no. 19230/281/2011.

Trial stage: First court on merits

Next court date: 09.04.2020

15. Case File no. 310/120/2016 – the Ploiești Appellate Court

Parties: Conpet SA – civil party
OMV Petrom SA – civil party
SNTGN Transgaz SA – civil party

Gruia Gheorghe, Vasile Valentin, Ciobanu Viorel, Dudas Pavel, Tudorache Marius, Parvu Valentin, Georgescu Anda, Manda Marin – defendants

Object: Constitution of an organised criminal group (art. 367 of the New Criminal Code). Conpet constituted as civil party for the amount of 405,536.24 lei, representing the value of the stolen pipelines.

Clarifications: Through the Conclusion of 31.05.2016 the Dâmbovița Tribunal sends to the prosecutor's office the case started through the indictment given in the criminal prosecution file no. 124 / D / P / 2013 of the Prosecutor's Office within the High Court of Cassation and Justice - DIICOT – Dâmbovița Territorial Office regarding the defendants GG, VV, CV, DP, TM, PV, GA, MM, the injured parties being OMV Petrom SA, Conpet SA, the National natural Gas Transport Company "Transgaz" SA. The Prosecutor's Office filed an appeal against the conclusion, at the Ploiești Appellate Court. By the Conclusion of 13.10.2016 the Ploiești Appellate Court admits the contestation filed by the Prosecutor's Office within the High Court of Cassation and Justice - DIICOT - Dâmbovița Territorial Office, annuls the contested Conclusion and by re-examining finds and declares the legality of the Dâmbovița Court's notification by the Indictment no. 124 / D / P / 2013 of the Prosecutor's Office within the High Court of Cassation and Justice - DIICOT - Dâmbovița Territorial Office, the administration of evidence and the conduct of criminal prosecution acts. The court rules the commencement of the trial.

By the **Judgment no. 366/09.05.2019** the Dâmbovița Tribunal admits the civil actions formulated in the case by the civil parties the National Natural Gas Transport Company "TRANSGAZ" S.A., S.C. CONPET S.A., and S.C. OMV PETROM SA, specified during the judicial investigation and obligates the defendants to pay compensations, as follows: a) For the acts committed against the civil party the National Natural Gas Transport Company "TRANSGAZ" SA, the court rules the joint obligation of the defendants: GRUIA GHEORGHE, VASILE VALENTIN, CIOBAN VALENTIN VIOREL, DUDAŞ PAVEL, to pay the amount of 51,588 lei; b) For the acts committed against the civil party S.C. CONPET S.A., the court rules the joint obligation of the defendants: GRUIA GHEORGHE, VASILE VALENTIN, GEORGESCU ANDA to pay the amount of 869.084, 26 lei; c) For the acts committed against the civil party S.C. OMV PETROM S.A. the court rules the joint obligation of the defendants: GRUIA GHEORGHE, VASILE VALENTIN to pay the amount of 28,134.11 lei; the court rejects the civil action introduced by Amuza Daniel as unjustified. The judgment was attacked with appeal by the defendants.

Trial stage: Appeal
Next court date: 30.03.2020

16. Case file no. 1450/214/2016 – the Argeș Tribunal

Parties: Conpet SA – civil party

Serban Ilie, Dobre Marin, Naicu Ion Marian – defendants

Object: Theft. Conpet constituted as civil party for the amount of 133,147.97 lei representing the value of the quantity of crude oil, of the repair works of the damaged pipe and of the AND expertise performed in the case.

Clarifications: By the Conclusion of 18.08.2016 the Costești Court rejects as unjustified the requests and the exceptions invoked by the defendants, finds and declares the competence and the legality of the court notification, evidence administration and performance of the other acts of criminal prosecution and orders the trial to begin. The Conclusion was attacked by contestation. Through the Conclusion no. 194 / 13.10.2016 the Argeș Tribunal rejects the contestation as unjustified.

By the **judgment no. 69/19.03.2019** the Costeşti Court admits in part the civil action introduced by the civil party Conpet SA and rules the joint obligation of the defendants to pay to the civil party Conpet SA the amount of 14,676.82 lei, representing material damages, amount to which the legal interest is added. The court rejects the rest of the civil action as unjustified. The judgment was attacked with appeal by the defendants.

Trial stage: Appeal

Next court date: --

17. Case file no. 8529/281/2016 – the Prahova Tribunal

Parties: Conpet SA – civil party

Constantin Costel, Matei Marian, Stan Mihai Catalin, Matei Valentin Dumitru – defendants

Object: Qualified theft. Conpet constituted as civil party for the amount of 158,780.39 lei composed of:

- 24,691.2 lei (VAT included) representing the value of the quantity of 30,000 litres stolen during the period September-October 2015 by the defendants Stan Mihai Catalin, Matei Marian and Matei Valentin Dumitru

- 128,394.0 lei (VAT included) representing the value of the quantity of 156,000 litters stolen during the period September-October 2015 by defendants Constantin Costel, Stan Mihai Catalin and Matei Marian

- 5,695.19 lei (VAT included) representing the value of the works for the remediation of the pipeline, necessary to bring it to the initial state prior to committing the crime, that is to say in working order.

Conpet filed a request to increase the amount of the request for constitution as civil party to the amount of 243,127.77 lei representing the damage suffered by Conpet as a result of the acts of theft of oil products that took place in the period September - October 2015 from the pipe 14 "Brazil inside Skid 24" administered by Conpet. The damage suffered by Conpet is of 243,127.77 lei made of:

- 39,218.96 lei (VAT included) representing the value of the quantity of 30,000 litters stolen in the period September-October 2015 by the defendants Stan Mihai Catalin, Matei Marian and Matei Valentin Dumitru

- 203,914.72 lei (VAT included) representing the value of the quantity of 156,000 litters stolen in the period September-October 2015 by the defendants Constantin Costel, Stan Mihai Catalin and Matei Marian.

- 5,695.19 lei (VAT included) representing the value of the works for the remediation of the pipeline, necessary to bring it to the initial state before committing the crime, that is to say in working order.

Clarifications: By the Judgment no. 2366/13.12.2019 the Ploiești Court admits in part the civil action filed by the civil party Conpet SA rules the joint obligation of the defendants Constantin

Costel, Matei Marian, Stan Mihai Cătălin and Matei Valentin Dumitru to pay the amount of 243,127.77 lei representing material damages. The judgment was attacked with appeal by Constantin Costel and Matei Marian.

Trial stage: Appeal

Next court date: --

18. Case file no. 8262/281/2016 – the Ploiești Court

Parties: Conpet SA – creditor

Association Football Club Conpet - debtor

Object: Dissolution of the legal person. The petition for admitting the receivables claim. Conpet SA formulates a petition for admitting the receivables claim against the estate of Conpet Football Club Association, against which the dissolution was ordered by the Civil Judgement no. 8683 / 04.10.2016 ruled by the Ploiești Court in the case file no. 8262/281/2016, by which it asks the court to admit the application for registration in the table of creditors of the debtor Conpet Football Club Association with the amount of 424.94 lei, as a certain, liquid and demandable debt, born before the admission of the dissolution request, representing the rest of payment penalties, according to the invoice no. 1653 / 31.05.2015, calculated for the late payment of the obligations arising from the Rental Contract no. ADM 366 / 23.10.2012, concluded by Conpet SA with the Conpet Football Club Association. By the notification no. 39101 / 28.09.2017 Conpet requested the completion of the value of the debit registered by the Conpet Football Club Association with the amount of 1,358.84 lei representing late penalties resulted prior to the dissolution request (total 1.783.78 LEI).

Trial stage: First court on merits

19. Case file no. 789/105/2017 – the Prahova Tribunal

Parties: ICIM SA by administrator CITR București - debtor

Conpet SA- creditor

Object: Insolvency procedure. Conpet requests the registration in the table of creditors of the company ICIM SA represented by the judicial administrator CITR BUCHAREST BRANCH SPRL, with the total debt amounting to 393,934.37 lei representing late penalties, court costs, execution costs.

A) 50,094, 8 lei representing the value of the works of remediation of the damages on the Ø 6 pipeline RA Moreni-Ploiești and of the lost oil, the legal interest, court costs and execution expenses established by the enforceable title - civil judgment no. 1014 / 28.01.2015 pronounced in case file no. 113/281/2014, remained final and rectified by the Conclusion for the correction of the material error of 06.06.2016, by which the Ploiești Court admitted the petition for trial introduced by the claimant Conpet S.A.

B) 343,839.57 lei made of the amount of 331,271.57 lei representing late penalties in accordance with the provisions of art. 8.1. of the Contract no. 0135/1995 (modified by art 5 of the Addendum no.9/2005 and the Addendum no.10/2006), as well as the amount of 12,568 lei representing judicial stamp duty, judicial stamp and expertise fee

Conpet was entered in the table with the amount requested. ICIM filed an appeal which is the subject of case file no. 789/105/2017 / a1 and requested:

- as main request, the modification of the preliminary table of receivables in case of rejection of the request for registration of the debt in the amount formulated by Conpet
- as subsidiary request, the modification of the preliminary table of receivables in the sense of entering the Conpet claim under condition.

Trial stage: First court on merits

Next court date: 24.03.2020

20. Case file no. 6575/105/2017 – the Prahova Tribunal

Parties: Conpet SA – claimant

The Court of Accounts of Romania – respondent

Object: Conpet filed contestation against the Conclusion no. 78 / 09.08.2017 ruled by the Court of Accounts of Romania asking the court to rule the following:

1. The partial annulment of the Conclusion no. 78 / 09.08.2017 issued by the Court of Accounts of Romania, namely

- Consideration no. 2 regarding Point II of Contestation no. 27718 / 10.07.2017 (regarding measures No. I.2 and I.3 of Decision no. 24 / 21.06.2017, for the removal of the deviation presented in points 2 and 3 of the same decision), the findings from letters A and B.

2. The partial annulment of Decision no. 14 / 21.06.2017, issued by the Prahova Chamber of Accounts, namely:

- The findings presented in point 2 regarding the decommissioning and valorisation of certain pipeline sections belonging to the National Transport System - part of the public domain of national interest, without previously being passed a decision of transfer from the state public domain to the private domain, for the purpose of drawing up the documentation of decommissioning and disposal
- The findings presented in point no. 3 regarding the fact that in 2016 one valorised by auction the recoverable buried pipe according to the procedure of recovery approved by the regulation on the conditions of participation in the auction and the way of conducting the tender for the valorisation of the buried and / or overhead metal pipeline material. The valorisation was made before the adoption of a government decision approving the transfer from the public domain of the state to the private domain for the purpose of valorisation, according to the law;
- Measure no. 2 regarding the carrying out of the inventory for identifying the sections of the National Transport System that have been abandoned or decommissioned as a result of the investments made in the National Transport System within the rehabilitation, modernization and development programs realized and the transmission of the results of the ANRM for initiating the government decision to approve the passage from the public domain of the state to the private domain of the state in order to remove them from service. The regulation by internal procedure of the way of removing, dismantling and capitalizing the parts of the National Transport System decommissioned following the works of rehabilitation, modernization and development performed by the concessionaire;
- Measure no. 3 regarding the transfer of the amount of 927,154.06 lei representing income to the state budget from the recovery of the pipeline material resulting from the decommissioning of parts of the tangible assets belonging to the public domain of the state, together with the related interests and penalties, updated at the date of payment. The extension of checks to identify all the net amounts resulting from valorisation related to tangible assets belonging to the public domain of the dismantled, decommissioned state and their transfer to the budget, at the present value.

3. The suspension of the measures established by Decision no. 14 / 21.06.2017, issued by the Prahova Chamber of Accounts, points no. I.2 and I.3, and measures 2 and 3 thereof until the final settlement of the case.

Clarifications: By the **Conclusion of 23.02.2018** the Prahova Tribunal rejects the request to suspend the execution of the administrative act, as unjustified. The judgment was attacked with recourse by Conpet SA. By the **decision no. 2946/19.09.2018** the Ploiești Appellate Court admits the appeal. The court annuls in its entirety the attacked judgement and sends the case for retrial to the same first court on merits. By the Decision no. 1850 / 09.11.2018 the Prahova Tribunal admits the petition, orders the suspension of the execution of measures 2 and 3 established by the Decision no. 14 / 21.06.2017, issued by the Prahova Chamber of Accounts until the final settlement of the case. Executory judgement. The judgment was attacked with recourse by the Court of Accounts. By the Decision no. 145 / 15.02.2019 the Appellate Court rejects the appeal as unjustified. Final judgement.

Trial stage: First court on merits

Next court date: Ruling delayed for 12.03.2020

21. Case file no. 689/42/2017 – the High Court of Cassation and Justice

Parties: Conpet SA – claimant

The National Agency for Fiscal Administration - The General Directorate for Contestations Resolution - respondent

General Regional Division of Public Finances Galați – County Administration of Public Finances Buzău – respondent

Object: Contestation against fiscal administrative act. Conpet SA formulates a request for a court order requesting the court to rule the following:

1. The annulment of the Decision no. 114/06.04.2017 issued by ANAF – The General Directorate for Contestations Resolution;

2. The annulment of the Imposition Decision no. F-BZ 436/31.10.2016, regarding the additional fiscal obligations of payment established by the fiscal inspection for legal persons, issued by General Regional Division of Public Finances Galați - Buzău County Public Finance Administration;

3. The annulment of the Fiscal Inspection Report no. F-BZ 584/ 31.10.2016, concluded by the inspectors of the National Agency for Fiscal Administration - General Regional Division of Public Finances Galați - Buzău County Public Finance Administration - Fiscal Inspection Service.

4. The obligation of the defendants to pay the trial costs

Clarifications : By the **judgment no. 24/01.02.2019** the Ploiești Appellate Court partly admits the petition for trial. The court orders the partial annulment of the tax inspection report F BZ 584 from 31.10.2016, of the tax decision F BZ 436 / 31.10.2016 and of the decision 114 / 06.04.2017 regarding the following findings: - point I regarding the tax on profit amounting to 2,435,078 lei related to sponsorship expenses - point X - tax and profit amounting to 12,915 lei related to advertising and advertising expenses in the amount of 80,719 lei and VAT related to 19,372 lei. - point XI- tax and profit related to the expenses with the advertising and advertising in the related amount of 1,129,500 lei. - item XII - tax and profit related to expenses with rents in the related amount of 442,545 lei - point XIII - tax on profit related to expenses with external trips in the amount of 207,614 lei Keeps the challenged documents remaining. The decision was appealed with the recourse of Conpet and ANAF.

Trial stage: Recourse

Next court date : 06.05.2020

22. Case file no. 23486/281/2017 – the Prahova Tribunal

Parties: Conpet SA – claimant

Consultancy for Land Infrastructures CONSIT SA

Object: Claims. Conpet filed a petition for trial against the respondent CONSULTANȚA PENTRU INFRASTRUCTURI TERESTRE CONSIT / CONSULTANCY FOR LAND INFRASTRUCTURES S.A. requesting the court to rule the obligation of the defendant to pay the following amounts:

- 2,700 lei representing compensatory damages according to the provisions of art. 17.3 of the Contract no.S-CA 85 / 21.03.2016 communicated by the termination notification no.21580 / 30.05.2017;

- 14,715 lei representing delay penalties, according to the Contract no.S-CA 85 / 21.03.2016 calculated until the date of 07.06.2017 the date of contract termination.

- trial costs.

Clarifications: By the **judgment no. 874/08.02.2019** the Ploiești Court admits the action. The court obligates the respondent to pay the amount of 14,040 lei. The court obligates the respondent to pay the amount of 1,975.75 lei as trial costs. The decision was attacked with appeal by CONSULTANȚA PENTRU INFRASTRUCTURI TERESTRE CONSIT / CONSULTANCY FOR LAND INFRASTRUCTURES S.A. CONSIT SA.

By the **Decision no. 161/23.01.2020** the Prahova Tribunal The court rejects the main part of the appeal as unjustified. The court rejects the incident appeal as inadmissible The decision may be attacked by recourse after notification.

Trial stage: --

Next court date: --

23. Case file no. 2782/229/2018 –the Fetești Court

Parties: Conpet SA – claimant

Zacon Trandafir – respondent

Object: Conpet SA filed a petition for trial against Zacon Trandafir asking the court, on the basis of the evidence to be administered, to rule the following:

- the finding and declaration of the absolute nullity of the Sale and Purchase Contract no. 1047 / 03.02.1999, concluded between Conpet SA, as seller and Zacon Trandafir as buyer;
- the obligation of the respondent to pay the trial costs.

In subsidiary, it is requested that the respondent Zacon Trandafir pay the value of the building at the fair market value established based on a judicial technical expertise.

Clarifications: --

Trial stage: First court on merits

Next court date: 26.03.2020

24. Case file no. 27022/3/2018 – the Bucharest Tribunal

Parties: Conpet – creditor

PETROCONSTRUCT GROUP S.R.L – debtor

Object: Bankruptcy. Conpet SA filed a petition for the admission of the debt for the amount of 17,176.14 lei (debit and penalties) for the rental of spaces according to contract ADM 803 / 05.12.2017 and the rental of a motor vehicle according to the order.

Clarifications: --

Trial stage: First court on merits

Next court date: 26.05.2020

25. Case file no. 28232/281/2018 – the Prahova Tribunal

Parties: Conpet SA – claimant

Mihoc Oil SRL – respondent

Object: Conpet SA filed a petition for trial asking the court to rule the following:

1. The obligation of the respondent MIHOC OIL S.R.L. to pay to CONPET S.A. the amount of 57,450 lei representing damages in the amount of 20% due according to art. 17 of the service contract no. S-CA 47 / 28.01.2016, following the termination of the contract because of the respondent;
2. The obligation of the respondent to pay the trial costs.

Clarifications: By the **judgment no. 5451/04.07.2019** the Ploiești Court rejects the claim as unjustified. The judgment was attacked with appeal by Conpet.

By the **decision no. 3230/23.12.2019** the Prahova Tribunal rejects the appeal an unjustified. The judgment may be attacked by recourse after notification.

Trial stage: --

Next court date: --

26. Case file no. 5629/318/2019 –Târgu Cărbunești Court

Object: Conpet introduced a contestation against the report of findings and sanctions for the infringements series GJ no. 00014239 / 06.03, by which CONPET was sanctioned with the

amount of 1,500 lei. The court was requested to find and declare that the sanction applied is unjustified in relation with the act found and sanctioned by the labour inspectors.

Clarifications: By the **decision no. 3546/27.05.2019** the Târgu Jiu Court admits the exception of the territorial non-competence of the Târgu Jiu Court, invoked by the court ex officio. It declines the competence to settle the case in favour of the Tg-Cărbuneşti Court and orders the immediate sending of the case file to the competent court. Without any attack way.

By the **Judgment no. 1869/13.11.2019** the Târgu Cărbuneşti Court rejects the infringement-related petition. The judgment can be attacked with appeal after notification.

Trial stage: --

Next court date: --

27. Case file no. 5628/318/2019 – the Târgu Cărbuneşti Court

Object: Conpet introduced a contestation against the report of findings and sanctions for the infringement's series GJ no. 00014386 / 06.03.2019 by which it was sanctioned with an infringement fine amounting to 8,000 lei. It was requested to replace the infringement fines applied by the report of infringements finding and sanctioning series GJ no. 14386 / 06.03.2019 by the sanction of warning.

Clarifications: By the **decision no. 4417/21.06.2019** the Târgu Jiu Court admits the exception of the territorial non-competence of the Târgu-Jiu Court. The court declines the competence to resolve the case in favour of the Târgu Cărbuneşti Court. Final decision.

By the **Conclusion of 22.10.2019** the Târgu Cărbuneşti Court, pursuant to art. 413 paragraph 1 point 1 orders the suspension of the case until the final settlement of the case file registered under no. 2793/95/2019 on the docket of the Gorj Tribunal. The judgment may be attacked with recourse during the entire period of suspension.

Trial stage: First court on merits - Suspended

Next court date: --

28. Case file no. 5627/318/2019 – the Gorj Tribunal

Object: Conpet introduced a contestation against the report of findings and sanctions for the infringements series GJ no. 00014332 / 06.03.2019 by which CONPET S.A. was sanctioned by an infringements-related fine of 10,000 lei. The court was requested to replace the infringements-related fines applied by the report of findings and sanctions for the infringements series GJ no. 14332 / 06.03.2019 with the sanction of warning.

Clarifications: By the **decision no. 3545/27.05.2019** the Târgu Jiu Court admits the exception of the territorial non-competence of the Târgu Jiu Court, invoked by the court ex officio. The court declines the competence to settle the case in favour of the Tg-Cărbuneşti Court and orders the sending of the file to the competent court, immediately. Without any attack way.

By the **Judgment no. 1868/13.11.2019** the Târgu Cărbuneşti Court rejects the infringements-related complaint. The judgment was attacked with appeal by Conpet.

Trial stage: Appeal

Next court date: --

29. Case file no. 13717/281/2019 – the Ploieşti Court

Parties: Conpet SA – creditor

Dobrogeanu Dumitru – debtor

Object: Conpet formulates a request of return of the enforced execution by which it requests the court to rule the return of the enforced execution carried out under the enforceable title represented by the Decision no. 669 of 20.12.2011 of the Prahova Tribunal in the execution file no. 20/2016 of B.E.J. Divoiu Maria, by partially restoring the situation prior to the execution, in the sense of obligating the respondent DOBROGEANU DUMITRU (pursuant to art. 723 of Civil Procedure Code) to pay the following amounts to the undersigned company:

- 5,930 lei, amount that represents the difference between the amount actually enforced and the debt we owe;
- 576 lei as trial costs consisting in stamp duty and value of xerox copies of the execution file. It also requests the updating with the penalizing legal interest on the sum of 5,930 lei starting with 11.04.2016 to the day and thereafter until the date of the actual payment.

Clarifications: --

Trial stage: First court on merits

Next court date: 12.03.2020

30. Case file no. 15056/281/2019 – the Prahova Tribunal

Parties: Conpet SA – contestant

BEJ Divoiu Maria – intimated

Object: Conpet files an execution-related appeal against the Conclusion of 24.06.2019 issued by the BEJ Divoiu Maria in the execution case file no. 555/2014 requesting the cancellation of the conclusion.

Clarifications: By the **Conclusion nr. 2131/22.10.2019** the Ploiești Court rejects the appeal as unjustified. The judgment was attacked with appeal by Conpet.

Trial stage: Appeal

Next court date: 25.03.2020

31. Case file no. 18792/281/2019 – the Ploiești Court

Parties: Conpet S.A. – claimant

Andex Import Export S.R.L. – respondent

Object: Conpet S.A. filed a petition for trial asking the court to rule the following:

- The obligation of the respondent Andex Import - Export S.R.L. to pay to Conpet S.A. the amount of 46,176.27 lei representing damages in the amount of 20% due according to art. 16 of the service contract no. S-CA 97 / 15.03.2018, following the unilateral termination of the contract because of the respondent;
- The obligation of the respondent Andex Import - Export S.R.L. to pay to Conpet S.A. the penalties in the amount of 2,123,62 lei, due by the respondent in accordance with the provisions of art. 15.1 (1) and art. 15.2 of the contract for the non-execution in whole or in part of the services of collection, transport and temporary storage from the locations of Conpet S.A. transmitted by orders between August 2018 - December 2019, according to Annex 2;
- The obligation of the respondent to pay the trial costs.

Clarifications: --

Trial stage: First court on merits

Next court date: 07.04.2020

32. Dosar 6596/204/2019 – the Câmpina Court

Parties: Conpet SA – petitioner

THE NATIONAL ENVIRONMENT GUARD – THE GENERAL COMMISSARIAT – intimated party

Object: Conpet introduced a complaint against the report of infringements finding and sanctioning series GNM no. 14934, concluded on 01.08.2019, by the NATIONAL ENVIRONMENT GUARD – THE GENERAL COMMISSARIAT. By the report of infringements finding and sanctioning series GNM no. 14934 of 01.08.2019 drawn up by the National Environmental Guard – The General Commissariat, Conpet was sanctioned by the application of a infringements-related fine amounting to 50,000 lei according to art 96 paragraph 3 of GEO 195/2005 for the violation of art 94 paragraph 1 letter b) which states that natural and legal persons "b) comply with the conditions in the regulatory acts obtained;" We request the admission of the complaint, the annulment of the

report of infringements finding and sanctioning series and the exemption of our company from the payment of the fine. In subsidiary, we ask that the fine be replaced by the sanction of warning.

Clarifications: --

Trial stage: First court on merits

Next court date: 14.04.2020

33. Case file no. 2149/249/2019 – the Lehliu Gară Court

Parties: Conpet SA – claimant

Boiciu George - respondent

Agroland Future SRL - respondent

Object: Conpet filed a petition for trial asking the court to rule the payment to Conpet SA of the sum of 8,148.60 lei representing the value of the works for the restoration of the electrical installation and the trial costs consisting of the court fee, judicial stamp fee of 200 lei according to PO no. 5186 / 10.07.2019.

Clarifications: By the judgement no. 1058 / 20.12.2019 the Lehliu Gară Court rejects the exception of the lack of passive procedural capacity invoked by the respondent Future SRL. The court admits the petition made by claimant Conpet S.A. The court rules the joint obligation of the respondent to pay to the claimant the amount of 8,120.14 lei representing the equivalent of works. The court rules the joint obligation of the respondents, to pay to the claimant the amount of 511.01 lei as trial costs. The judgment can be attacked with appeal after notification.

Trial stage: --

Next court date: --

34. Case file no. 2793/95/2019 – the Craiova Appellate Court

Parties: Conpet SA – claimant

The Territorial Labour Inspectorate Gorj – respondent

Object: Conpet filed a petition for trial by which it requests the annulment of the administrative document represented by the control report no. 00045039 issued by I.T.M. Gorj on 06.03.2019 regarding the measure provided for in point 4: " *SC Conpet S.A. will organize the internal prevention and protection service under the direct subordination of the employer, as a distinct structure, (having over 1600 workers), taking into account that the activity is divided into territorially dispersed subunits, and the person appointed with responsibilities in the field of occupational health and safety, at the operation point "WAREHOUSE, PUMPING STATION, OIL AND GASOLINE RAMP BĂRBĂTEȘTI" organised in the commune of BARBĂTEȘTI, Gorj county, to be a designated worker, subordinated to the head of the internal prevention and protection service.*"

Clarifications: By the judgment no. 17/14.01.2020 the Gorj Tribunal admits the action. The court partially annuls the control report no. 00045039 / 06.03.2019, prepared by the respondent, and regarding the measure ordered in point 4. The decision was attacked by recourse by ITM Gorj.

Trial stage: Recourse

Next court date: --

35. Case file no. 8727/105/2017 – the Prahova Tribunal

Parties: Conpet SA – claimant

PAULUS S.R.L. – respondent

Object: On 14.10.2019 Conpet made a payment request to the judicial administrator CITR BUCHAREST BRANCH SPRL but the request was not solved by it but was submitted to the court to discuss the request of Conpet S..A. By the payment request Conpet requested in accordance with art. 75 * paragraph 3 of Law no. 85/2014 the payment of the amount of 32,493.44 lei, amount due on 04.07.2019 by PAULUS S.R.L. (CF 4000500), company in insolvency. **The amount of 32,493.44 lei represents delay penalties** due by PAULUS S.R.L. for failure to fulfil the

obligations established by the Contract no. S-CA 1191 / 05.07.2017. According to art. 4.1 of the Contract, the deadline established for fulfilling the object of the contract consisting in "**air conditioning maintenance services in all the operation points belonging to Conpet S.A.**" was 24 months from the contract signature.

Clarifications: --

Trial stage: First court on merits

Next court date: 25.03.2020

36. Case file no. 2036/83/2019 – the Satu Mare Tribunal

Parties: Conpet SA – claimant

PRODREP MG S.R.L. – respondent

Object: On 18.11.2019 Conpet filed an application for registration in the table of creditors of the debtor PRODREP MG S.R.L. with the amount of 284,496.11 representing:

- interest damages in the amount of 148,926.49 lei provided in art. 18.2 of the works contract L-CA 699 of 28.09.2017 (20% of the value of the contract provided for in article 3 of the contract);
- penalties of 0.5% / day of delay provided by art. 17.1 of the works contract L-CA 699 of 28.09.2017 applied to the value of the works not executed in the amount of 46,575 lei for a number of 162 days of delay calculated from 10.04.2019 to 19.09.2019 the date of termination of the contract;
- the value of the resupply of electric power in the amount of 16.54 lei for the period 01.08.2019-31.08.2019, resulting from the execution of the works contract L-CA 699 of 28.09.2017;
- penalties of 0.5% / day of delay in the amount of 78,644.16 lei provided by art. 17.1 of the works contract L-CA 537 of 27.07.2017 applied to the value of the works not executed for a number of 168 days of delay calculated from 01.05.2019 to 15.10.2019 the date of opening the insolvency procedure;
- penalties of 0.5% / day of delay in the amount of 10,333.92 lei provided by art. 17.1 of the works contract L-CA 380 from 05.10.2016 applied to the value of the works not executed for a number of 114 days of delay calculated from the date established for the completion of the works until their effective completion.

Clarifications: --

Trial stage: First court on merits

Next court date: 07.04.2020

37. Case file no. 8330/204/2019 – the Câmpina Court

Parties: Conpet S.A. – petitioner

COMPANIA NAȚIONALĂ DE ADMINISTRARE A INFRASTRUCTURII RUTIERE S.A. / THE NATIONAL COMPANY FOR THE MANAGEMENT OF ROAD INFRASTRUCTURE S.A through the REGIONAL DIVISION FOR ROADS AND BRIDGES BUCHAREST – the SECTION OF NATIONAL ROADS PLOIEȘTI – intimated party

Object: Conpet S.A. lodges a complaint against the Report of finding the contravention (PVCC) BU Series No. 002501 concluded on 20.09.2019 by the National Road Infrastructure Management Company S.A. - D.R.D.P. Bucharest / National Roads / Motorways Section - Ploiești National Roads Section, by which it requested its cancellation (fine: 6,000 lei)

Clarifications: --

Trial stage: First court on merits

Next court date: 25.03.2020

38. Case file no. 323/204/2020 – the Câmpina Court

Parties: Conpet SA – petitioner

The Prosecutor's Office within the Câmpina Court – intimated

Object: Conpet filed a complaint against Ordinance no. 134 / II / 2/2019 ruled on 19.12.2019 by the Prime Prosecutor of the Prosecutor's Office within the Campina Court and of the Closing Ordinance submitted on 31.10.2019 by the Prosecutor's Office within the Campina Court in the case file no. 3012 / P / 2014 requesting the annulment of the aforementioned Ordinances, the continuation of the criminal prosecution and investigations in order to identify the offenders and their criminal investigation and prosecution for the theft, on 18.09.2014, of a 100-m long pipeline segment from the pipeline with the diametre Ø 6%" Godevil Bănești Railway Station - Câmpina Steaua Română Refinery, in the area of the municipality of Câmpina, Prahova county, as well as in order to recover the damage caused to our company (15,978.64 lei).

Clarifications: --

Next court date: 24.03.2020

39. Case file no. 4532/281/2020 – the Ploiesti Court

Parties: Conpet SA – claimant

Dobrogeanu Dumitru – respondent

Object: Conpet formulated a contestation against the acts issued in the execution file no. 1/2020 on the docket of the Office of the Judicial Bailiff Divoiu Maria and requested:

1. The annulment of the summons dated 12.02.2020 issued by the Office of the Judicial Bailiff Divoiu Maria to pay debt in the amount of **19,342.63 lei (16,321.30 lei** representing the difference resulting from the calculation of the inflation related to the amount of 53,116 lei for the years 2018 and 2019 from 20.12.2011 to 31.12.2018 for the amount due in 2018 and from 20.12.2011 to 31.12.2019 for the amount due in 2019, **1.079,1 lei** representing execution fees and **1,942.23 lei** representing bailiff fee)
2. The annulment of the Conclusion for the establishment of the execution costs in the amount of **3.021.33 lei** of 12.02.2020 issued by the Office of the Judicial Bailiff Divoiu Maria in the execution file no. 1/2020
3. The annulment of the notification of establishment of the seizure issued on 12.02.2020 by the Office of the Judicial Bailiff Divoiu Maria in the execution file no. 1/2020.
4. The return of the execution for the amount of **131.55 lei** representing the difference resulting from the calculation of the inflation index calculated by the judicial bailiff Divoiu Maria (16,321.30 lei) according to the conclusion of 12.02.2020 and the calculation made by CONPET S.A. according to INS (16,189.75 lei).
5. The return of the execution for the sum of **1,311.97 lei** paid as debt updating with the inflation index for the period 01.01.2018-31.12.2018 within the real payment offer no. 5/2018 - BEJ Petcu Alexandru
6. The return of the execution for the sum of **1,333.21 lei** paid as debt updating with the inflation index for the period 01.01.2019-31.12.2019 within the real payment offer no. 2/2019 made through the Professional Civil Society of Judicial Bailiffs Goslan and Stângă
7. The return of the execution for the difference of fee paid in excess to the BEJ Divoiu Maria in the execution file no. 1/2020, namely the sum of **587.78 lei** (16,189.75 CONPET calculation as debt – 1,311.97-1,333.21=13,544.57; the debt is 13,544.57X10%=1,354.45; 1,942.23 lei; fee paid – 1,354.45 lei; fee due=587.78 lei)
8. The return of the execution for the sum of **850 lei** representing unjustified execution expenditure

Clarifications: --

Next court date: --

c) List of the case files on the docket of the courts of law on 12.03.2020 in which the company CONPET S.A. has double capacity

1. Case file no. 378/105/2007 – the Prahova Tribunal

Parties: Conpet S.A. – claimant-respondent

Petroconduct S.A. – respondent-reconventional petitioner

Object: Conpet S.A. requests the court to rule the obligation of the respondent Petroconduct S.A. to do the following:

- the payment of the amount of 80,548.49 lei representing untimely execution penalties of the obligations assumed by the Contract no. L 45 / 18.03.2004 and the Contract no. M 59 / 9.06.2004

- the delivery of pipeline material made of China steel pipe in the amount of 504 in the amount of 21,344.4 euros and the Chinese steel pipe in the length of 96 m in the amount of 4,366.08 euros or to the payment to our company of the amount of 89.291, 50 RON.

- the payment of the amount of 20,626 lei representing costs for transport, loading, unloading of the pipeline material

- the payment of the trial costs amounting to 5,062.24 lei, of which 5,057.24 lei stamp court fee and 5.00 lei court fees as well as other trial costs that we will effect in this process.

Petroconduct S.A. filed a counterclaim request by which it requested the court to rule the obligation of Conpet SA to pay the amount of 46,214.01 lei, representing the value of the works executed by it based on the works execution contracts no. L 45 / 18.03.2004 and no. MST 09 / 09.06.2004, in favour of the beneficiary Conpet SA.

Clarifications: On 22.02.2010, based on art. 36 of Law no. 85/2006 the court ordered the suspension of the case.

Trial stage: First court on merits

Next court date: Suspended

2. Case file no. 1372/212/2017 – the Constanța Court

Parties: Conpet SA – respondent- reconventional petitioner

Cruceanu Alin Florinel – claimant-respondent

Object: Cruceanu Alin Florinel filed a petition for trial asking the court to rule the following:

- the obligation of Conpet SA to pay compensatory damages equal to the market value of the real estate property plot of land with the area of 460 sq.m. located in the Commune of Lazu, 29, Luceafărului street, Constanța county and of the real estate property plot of land with the area of 460 sq.m. located in the Commune of Lazu, 31, Luceafărului street., Constanța county, the value estimated at the amount of 30,000 euros, the equivalent of 134,700 lei;

- the obligation of Conpet SA to pay the value of the deprivation of use of the land in the form of an annual rent for the last three years;

- the obligation of Conpet SA to pay the trial costs caused by the settlement of the present petition. Subsequently, the claimant clarified his action on the second part of the of claim by asking the court to rule the following:

- the obligation of Conpet SA to pay the amount representing the deprivation of use of the two plots of land for the period between 10.12.2015 and the date of the final decision by which the first part of the petition was admitted.

The deprivation of use was provisionally assessed for stamping purposes at the amount of 5,000 lei. Conpet filed a counterclaim asking the court to rule the following:

- the obligation of the claimant to allow the company Conpet S.A. the exercise of the right of legal servitude / easement established by the provisions of art. 7 et seq. of Law no. 238/2004 on the two plots of land owned by the claimant Cruceanu Alin Florinel, located in the Commune of Agigea, village of Lazu, 29, Luceafărului street, and 31, Luceafărului street Constanța county. The exercise of the legal servitude / easement right is to be done on a 2.4-meter-wide corridor located along the oil pipeline with the diameter of Ø 20" Constanța-Bărăganu oil pipeline for permanent access to the pipeline in order to check the pipeline status and execution of repair works.

- the establishment of the amount of the annual rent provided by law due by us the undersigned company to the claimant in exchange for exercising the right of legal servitude / easement.

Trial stage: First court on merits

Next court date: 09.04.2020

3. Case file no. 18344/212/2017 – the Constanța Court

Parties: Conpet SA – respondent- reconventional petitioner

Mitu Dumitru – claimant-respondent

Mitu Rodica – claimant-respondent

Object: Obligation to do. Mitu Dumitru and Mitu Rodica file a petition for trial requesting that the obligation of Conpet to pay compensatory damages for the two plots of land located in the village of Lazu, the commune of Agigea, Constanța county affected by the route of certain pipelines that transport oil products, as well as the respondent's obligation to pay an annual rent for the deprivation of use on the land affected by the exercise of the legal servitude / easement right, starting with 20.06.2014 and of compensations in the form of an annual payment for the affectation of the use of the part of the land on which the pipeline is not located, with the obligation to pay the trial costs.

The claimants evaluated the claims brought to judgment at the amount of 10,000 lei in order to stamp the petition, declaring that after establishing the values through an expert's report to be made in the case file, they shall pay the judicial fee difference.

Conpet filed a counterclaim requesting the court to rule the following:

1. The obligation of the claimants to allow Conpet S.A. the exercise of the right of legal servitude / easement established by the provisions of art. 7 and foll. of Law no. 238/2004 on the two plots of land owned by the claimants. The exercise of the legal servitude / easement right is to be done on a 2.4 meter wide corridor located along the F2 crude oil main transport pipeline with the diameter of Ø 20" Constanța-Bărăganu for the purpose of permanent access to the pipeline in order to check the daily status of the pipeline and the execution of any repair work.
2. The establishment of the amount of the annual rent provided by law due by Conpet to the claimants in exchange for exercising the right of legal servitude / easement.

Also, Conpet made a guarantee call request from the Ministry of Public Finance and the National Agency for Mineral Resources (A.N.R.M.) so that, if Conpet S.A. Ploiești falls from claims regarding the claims of the claimants made in the petition for trial to compensate us with the amounts we will be obligated to pay to the claimants.

Trial stage: First court on merits

Next court date: 18.03.2020

4. Case file no. 2323/120/2018 – the Dâmbovița Tribunal

Parties: Conpet SA – respondent – reconventional petitioner

Buzatu Florin – claimant – respondent

Object: Buzatu Florin filed a petition for trial asking the court to rule the following:

1. The obligation of the respondent Conpet SA to pay to the claimant the sum of 150,000 euros, payable at the exchange rate of National Bank of Romania / BNR on the day of payment (amount that will be re-evaluated when finalizing the real estate appraisal expert report that will be performed in the case, and we shall accordingly reclaim and specify the value of the claims, in conjunction with the appropriate adaptation of the stamp fees), representing the fair and equitable compensation for the damage suffered by restricting the possibility of exercising the property right on the land surface of 5980 sq.m. located in the locality Slobozia Moara, Dâmbovița county, with cadastral number 70618, inscribed in the land register 70618 / UAT Slobozia Moara, Dâmbovița county, where the underground gas pipelines and the above-mentioned devices are located, land that cannot be used for the purpose of constructing a building;

2. The obligation of the respondent Conpet SA to pay a monthly allowance of 1,000 euros payable at the National Bank of Romania / BNR exchange rate on the day of payment, starting with the date of the decision, for the entire duration of the underground pipes and of the overland devices, constructions located on the land owned by the claimant and to support all the costs paid by the claimant for the stages prior to the building permit issuance;

3. In subsidiary, it requests the court to rule the obligation of the respondent to remove all the constructions built on the claimant's property, namely the gas pipelines and the above-ground devices, to bring the land to the initial state or to enable the claimant to execute the obligation to do, at the exclusive expense of the respondent;

4. The obligation of the respondent Conpet SA to pay the trial costs generated by the present legal action.

Conpet will file a counterclaim.

Clarifications: --

Trial stage: First court on merits

Next court date: 22.04.2020

5. Case file no. 16016/281/2018 – the Prahova Tribunal

Parties: Conpet SA – claimant

Protect Colector SRL – respondent

Object: Conpet filed a petition for trial against the company Protect Colector S.R.L. asking the court to rule the following:

1. The obligation of respondent Protect Collector S.R.L. to pay to Conpet S.A. the amount of 26,626.70 lei representing compensatory damages in the amount of 20% due according to art. 16.6 of the service contract no. S-CA 124 / 27.04.2016.

2. The obligation of the respondent to pay the trial costs.

Protect Colector SRL filed a counterclaim asking the court to ascertain the absolute nullity of the service contract no. S-CA 124 / 27.04.2016.

Clarifications: By the **judgment no. 5310/28.06.2019** the Ploiești Court admits, in part, the petition for trial filed by the respondent claimant Conpet. The court rules the obligation of the respondent claimant to pay the claimant the amount of 19,970.02 lei, representing compensatory damages according to the Contract no. S-CA 124 / 27.04.2016. The court rejects the counterclaim as unjustified. The court rules the obligation of the claimant respondent to pay to the respondent claimant the costs of the trial costs in the amount of 1,103.50 lei, representing stamp court fees, within the limits of the claims admitted. The judgment was attacked with appeal by the respondent.

Trial stage: Appeal

Next court date: 18.03.2020

6. Case file no. 1122/284/2019 – the Răcari Court

Parties: Conpet SA – respondent

Sotir Mădălina Rebeca – claimant

Object: Sotir Mădălina Rebeca files a petition for trial requesting the court to order Conpet SA to compensate it with the sum of 25,000 euros for the land area of 523 sq.m., category constructions courtyards, the land of the claimant located in the Commune of Cojasca, Dâmbovița county with cadastral no. 72587, under-crossed by Conpet pipeline.

Conpet SA filed a counterclaim requesting the court to rule the following:

1. The obligation of the claimant Sotir Mădălina Rebeca to allow the company CONPET S.A. the exercise of the right of legal servitude / easement established by the provisions of art. 7 and foll. of Law no. 238/2004 on the land owned by her, located in the commune of Cojasca, the village of Cojasca, Dâmbovița county. The exercise of the legal servitude / easement right is to be done on a 2.4-meter-wide corridor located along the oil pipeline with the diameter of Ø 14 3 / 4" Cartojani-Teleajen Refinery (Lukoil) for permanent access to the pipeline for daily checks of the condition of the pipeline and for performing any repair work. The exercise of the servitude / easement right is to be carried out throughout the existence of the pipeline located on the claimant's land but not later than the date of the termination of the concession oil contract concluded by us, the undersigned company CONPET S.A., with the Romanian State.

2. The establishment of the amount of the annual rent provided by the law due to us, the undersigned company CONPET S.A., to the claimant Sotir Mădălina Rebeca in exchange for exercising the right of legal servitude / easement starting from the date of the definitive decision given in the present case, rent consisting in the value of the annual use of the plot of land affected by the exercise of servitude / easement.

Clarifications: By the Conclusion of 25.09.2019 the Răcari Court rejects the exception of the lack of passive procedural capacity of Conpet SA. The court admits the exception of the lack of passive procedural capacity of the National Agency for Mineral Resources.

Trial stage: First court on merits

Next court date: 17.03.2020

STATEMENT OF THE PERSONS IN CHARGE

**within CONPET S.A., in compliance with the provisions
of art. 30 of the Accountancy Law no. 82/1991 and art. 63 of Law no. 24/2017 regarding the
issuers of financial instruments and market operations**

The financial statements at the date and for the year ended **31 December 2019** were drafted for:

| | |
|---------------------------|---|
| Entity | CONPET SA |
| County | PRAHOVA |
| Address | Ploiești, No. 1-3, Anul 1848 Street |
| Trade Register Number | J29/6/1991 |
| Type of ownership | 26 - Publicly and privately owned companies with domestic and foreign capital |
| Main activity (NACE code) | 4950 - Transport via pipelines |
| Tax Registration Number | 1350020 |

The undersigned: Timur - Vasile Chiș, as Director General and Sanda Toader, as Economic Director are liable for the drafting of the annual financial statements at **31.12.2019** and confirm that:

- a) The accounting policies used in preparing the annual financial statements are in accordance with the accounting regulations in force at the reporting date 31.12.2019;
- b) The annual financial statements present fairly the financial position, financial performance and other information related to the conducted business;
- c) The company operates under going concern conditions;
- d) The administrator's report includes a fair analysis of the development and performance of the company, as well as a description of the main risks and uncertainties specific to the conducted business.

**DIRECTOR GENERAL,
PhD Eng. Timur-Vasile Chiș**

**Economic Director
Econ. Toader Sanda**

FINANCIAL STATEMENTS
at the date and for the financial year ended at
December 31, 2019

prepared in compliance with the accounting regulations in accordance with
the International Financial Reporting Standards
approved by the Ministry of Finance Order no. 2844/2016

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The Company CONPET S.A.

Statement of the Financial Standing at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

Statement of the Financial Standing at December 31st, 2018

| ASSETS | Note: | December 31, | December 31, |
|---|--------------|---------------------|---------------------|
| | | 2019 | 2018 |
| Intangible assets | | | |
| Tangible assets | 5 | 463,635,969 | 430,599,587 |
| Intangible assets | 6 | 6,339,896 | 2,843,604 |
| Financial Assets | 7 | 810,598 | 860,582 |
| Receivables related to the deferred corporate tax | 15 | 5,422,459 | 3,047,153 |
| Total non-current assets | | 476,208,922 | 437,350,926 |
| Current assets | | | |
| Stocks | 8 | 8,169,862 | 9,168,429 |
| Trade receivables and other receivables | 9 | 42,248,700 | 43,155,623 |
| Cash and cash equivalents | 10 | 238,576,951 | 259,682,354 |
| Prepaid expenses | | 1,862,719 | 1,770,972 |
| Total current assets | | 290,858,232 | 313,777,378 |
| TOTAL ASSETS | | 767,067,154 | 751,128,304 |
| Equities and liabilities | | | |
| Equities | | | |
| Subscribed and paid-up share capital | 11 | 28,569,842 | 28,569,842 |
| Legal reserves | 11 | 5,713,968 | 5,713,968 |

The Company CONPET S.A.

Statement of the Financial Standing at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | | |
|------------------------------------|----|--------------------|--------------------|
| Revaluation reserves | 11 | 21,111,893 | 25,810,840 |
| Other reserves | 11 | 495,540,772 | 496,092,345 |
| Retained earnings | 11 | 43,997,162 | 44,689,400 |
| Year's Result | 11 | 58,876,719 | 60,676,014 |
| Total Equities | | 653,810,356 | 661,552,409 |
| Accrued revenues | | | |
| Investment Subsidies | 12 | 1,065,921 | 1,178,489 |
| Accrued revenues | 12 | 8,171 | 9,849 |
| Total Accrued Revenues | | 1,074,092 | 1,188,338 |
| Long-term liabilities | | | |
| Long-term provisions | 14 | 16,268,908 | 14,760,148 |
| Long-term trade liabilities | 13 | - | 892,912 |
| Other long-term liabilities | | 3,582,351 | - |
| Total long-term liabilities | | 19,851,259 | 15,653,060 |
| Current liabilities | | | |
| Trade liabilities | 13 | 27,179,134 | 19,154,131 |
| Ordinary Corporate Tax | 13 | 3,076,456 | 3,786,286 |
| Other liabilities | 13 | 38,838,402 | 36,699,081 |
| Short-term provisions | 14 | 23,237,455 | 13,094,999 |
| Total current liabilities | | 92,331,447 | 72,734,497 |
| Total liabilities | | 112,182,706 | 88,387,557 |
| Total EQUITIES | | 767,067,154 | 751,128,304 |
| AND LIABILITIES | | | |

These preliminary financial statements and the related notes, from page 2 to page 54 have been authorized for issue and signed by the company management at March 24th, 2020.

**Director General
Vasile Chis**

**Economic Director, PhD. Eng Timur-
Econ Sanda Toader**

The attached notes from 1 to 25 are constituent parts of these financial statements

**STATEMENT OF PROFIT and LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT
FOR THE YEAR ENDED ON DECEMBER 31st, 2019**

| | December, 31 2019 | 31.12.2018 |
|--|-----------------------|-----------------------|
| Operating Revenues | 17 | |
| Turnover | 407,822,341 | 385,140,170 |
| Earnings from disposal of assets | - | 63,539 |
| Other revenues | 35,180,465 | 33,507,125 |
| Total Operating Expenses | 443,002,806 | 418,710,834 |
| Operating Expenses | 18 | |
| Expenditure on stocks | 7,604,671 | 7,012,090 |
| Expenses with energy and water | 13,088,645 | 11,163,549 |
| Personnel expenses | 159,900,933 | 140,265,630 |
| Impairments on current, non-current assets | 48,260,899 | 44,501,655 |
| Impairments of current assets | (716,533) | 1,265,669 |
| Expenses related to external services | 107,102,681 | 99,057,990 |
| Losses from disposal of assets | 213,232 | - |
| Impairments related to provisions | 10,480,176 | 4,273,064 |
| Other expenses | 34,919,912 | 44,931,769 |
| Total Operating Expenses | 380,854,616 | 352,471,416 |
| Operating profit | 62,148,190 | 66,239,418 |
| Financial Revenues | 7,873,876 | 5,462,355 |
| Financial Expenses | 318,237 | 10,790 |
| Financial profit | 19 | 7,555,639 |
| | | 5,451,565 |

The Company CONPET S.A.

**STATEMENT OF PROFIT and LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT FOR THE YEAR
ENDED 2018 - PRELIMINARY DATA**

Tuesday, December 31, 2019

| | | | |
|--|----|-------------------|--------------------|
| Profit before corporate tax | | 69,703,829 | 71,690,983 |
| Expenses with ordinary income tax | 15 | 12,958,609 | 12,759,911 |
| Expenses with (revenues from) deferred corporate tax | | (2,131,499) | (1,744,942) |
| Profit of the year | | 58,876,719 | 60,676,014 |
| Actuarial loss from discounted benefits granted upon retirement | | (983,674) | (1,035,596) |
| Loss from depreciation of tangible assets | | (13,315) | - |
| Total other global result elements | | (996,989) | (1,035,596) |
| TOTAL GLOBAL RESULT | | 57,879,730 | 59,640,418 |
| Result per share | | 6.80 | 7.01 |

These preliminary financial statements and the related notes, from page 2 to page 54 have been authorized for issue and signed by the company management at March 24th, 2020.

Director General **Economic Director,**
PhD. Eng Timur-Vasile Chis **Econ Sanda Toader**

The attached notes from 1 to 25 are constituent parts of these financial statements

The Company CONPET S.A.

(All amounts are expressed in LEI, if not otherwise indicated)

| | Share capital | Legal reserves | Revaluation reserves | Other reserves | Retained Earnings | Year's profit or loss | Total Equities |
|--|-------------------|------------------|----------------------|--------------------|-------------------|-----------------------|---------------------|
| Balance at January 1, 2019 | 28,569,842 | 5,713,968 | 25,810,840 | 496,092,345 | 44,689,400 | 60,676,014 | 661,552,409 |
| Net result of the period | | | | | | 58,876,719 | 58,876,719 |
| Actuarial gains/(loss) of the period | - | - | - | - | (983,674) | - | (983,674) |
| Loss from depreciation of tangible assets | | | (13,315) | - | - | - | (13,315) |
| Total other global result elements | - | - | (13,315) | - | (983,674) | 58,876,719 | 57,879.73030 |
| Net reduction of the modernization quota reserve | - | - | - | (1,017,356) | - | - | (1,017,356) |
| Surplus achieved from revaluation | - | - | (4,399,439) | - | 4,399,439 | - | - |
| Retained earnings from the correction of various elements that have affected the profit of the previous years | - | - | - | - | (7,945) | - | (7,945) |
| Reunification reserve from revaluation of the land plots not included in share capital | - | - | (342,634) | 452,315 | (109,681) | - | - |

The Company CONPET S.A.

(All amounts are expressed in LEI, if not otherwise indicated)

| | | | | | | | | |
|--|-------------------|------------------|-------------------|--------------------|-------------------|-------------------|--------------------|--------|
| Deferred corporate tax recognized at the expense of equities | - | - | 56,441 | - | - | - | - | 56,441 |
| Dividends due to shareholders | - | - | - | (1,105,807) | (4,304,887) | (59,242,229) | (64,652,923) | |
| Allocation of profit provided by law - tax exemption of the reinvested profit | - | - | - | 1,119,275 | 314,510 | (1,433,785) | - | |
| Balance at December 31, 2019 | 28,569,842 | 5,713,968 | 21,111,893 | 495,540,772 | 43,997,162 | 58,876,719 | 653,810,356 | |

STATE OF THE CHANGES IN EQUITY AT December 31, 2019

The Company CONPET S.A.

(All amounts are expressed in LEI, if not otherwise indicated)

STATE OF THE CHANGES IN EQUITY AT Monday, December 31, 2018

The Company CONPET S.A.

(All amounts are expressed in LEI, if not otherwise indicated)

| | Share capital | Legal reserves | Revaluation reserves | Others reserves | Retained Earnings | Year's profit or loss | Total Equities |
|---|-------------------|------------------|----------------------|--------------------|-------------------|-----------------------|--------------------|
| Balance at January 1, 2018 | 28,569,842 | 5,713,968 | 31,016,763 | 478,500,458 | 40,211,069 | 74,387,774 | 658,399,874 |
| Net result of the period | - | - | - | - | - | 60,676,014 | 60,676,014 |
| Actuarial gains/(loss) of the period | | | | | (1,035,596) | | (1,035,596) |
| Total other global result elements | | | | | (1,035,596) | 60,676,014 | 59,640,418 |
| Net increase of the modernization quota reserve | - | - | - | 12,998,654 | - | - | 12,998,654 |
| Surplus achieved from revaluation | - | - | (5,340,483) | - | 5,340,483 | - | - |
| Allocation from profit provided by law - reinvested profit | - | - | - | 1,433,785 | (81,693) | (1,352,092) | - |
| Other distributions form the previous year's result | - | - | - | 3,159,448 | 255,137 | (3,414,585) | - |
| Deferred corporate tax | | | 134,560 | | | | 134,560 |
| Dividends due to shareholders | - | - | - | - | - | (69,621,097) | (69,621,097) |
| Balance at December 31, 2018 | 28,569,842 | 5,713,968 | 25,810,840 | 496,092,345 | 44,689,400 | 60,676,014 | 661,552,409 |

The Company CONPET S.A.

(All amounts are expressed in LEI, if not otherwise indicated)

Note: The position „Other reserves” includes also the reserve representing the modernization quota in amount of 457,924,469 RON at 31.12.2019, namely 458,941,825 RON at 31.12.2018. This reserve has a special regime, provided in GD no. 168/1998, this being destined exclusively to the financing of the modernization and development works related to the goods belonging to the public domain. The modernization quota is being collected at the extent of capitalization and proceeds of the production and is being reflected in reserves accounts, as expenses. On a monthly basis is being written back to the revenues the modernization quota at the level of depreciation of the fix assets financed out of this source.

These preliminary financial statements and the related notes, from page 2 to page 54 have been authorized for issue and signed by the company management at March 24th, 2020.

Director General

PhD. Eng Timur-Vasile Chis

Economic Director,

Ec. Sanda Toader

The Company CONPET S.A.

Cash-Flow Statement for the year ended Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

December 31, 2019

(DIRECT METHOD)

| | Name of the Element | 12 months 2019 | 12 months 2018 |
|----------|--|---------------------------|---------------------------|
| | Cash flows from operating activities: | | |
| + | Proceeds from services supply | 451,818,164 | 415,156,770 |
| + | Proceeds from interests related to bank img investments | 7,956,249 | 4,331,871 |
| + | Other proceeds | 6,615,207 | 4,618,053 |
| - | Payments to the suppliers of goods and services | (119,161,438) | (111,031,473) |
| - | Payments to and on behalf of the employees | (155,943,944) | (134,419,650) |
| - | VAT Payments | (46,787,643) | (44,487,623) |
| - | | (13,666,926) | (12,735,611) |
| - | Other payments related to operating activities | (36,385,022) | (37,389,340) |
| A | Net cash from operating activities | 94,444,647 | 84,042,997 |
| | Cash flows from investment activities | | |
| + | Proceeds from sale of tangible assets | 38,310 | 449,704 |
| + | Proceeds from modernization quota | 31,080,415 | 41,825,050 |
| + | Proceeds from investments in government securities | - | 70,309,618 |
| + | Proceeds from investments in government securities | - | 917,582 |
| - | Payments for procurement of tangible assets | (84,149,146) | (87,517,315) |
| B | Net cash from investment activities | (53,030,421) | 25,984,639 |
| | Cash-flows from financing activities | | |
| + | Proceeds of dividends transferred to Depozitarul Central | 2,786,508 | 9,479,683 |
| - | Paid Dividends | (65,172,691) | (69,672,230) |
| - | Payments against the financial leasing-related debt | (133,446) | - |
| C | Net cash from financing activities | (62,519,629) | (60,192,547) |

The Company CONPET S.A.

Cash-Flow Statement for the year ended Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | | |
|-----------|---|---------------------|--------------------|
| | <i>Net increase of the cash and cash equivalents=A+B+C=D2-D1</i> | (21,105,403) | 49,835,089 |
| D1 | <i>Cash and cash equivalents at the end of the period</i> | 259,682,354 | 209,847,265 |
| D2 | <i>Cash and cash equivalents at the end of the period</i> | 238,576,951 | 259,682,354 |

The cash at 31.12.2019 has decreased as compared to the that existing at 31.12.2018, from 260 million RON down to 239 million RON. The decrease has been mainly determined by the increase of the payments for the operating activity determined by the increase of prices to goods and services procured and the salaries paid to the employees. On the other hand, the payment of dividends out of the retained earnings and of different reserves has represented another factor that has generated the decrease of the cash at the end of 2019 YoY.

The effects of the three activity areas (operation, investment and financing) over the cash in 12 months period 2019 reveal the followings:

- the operating activity triggered a cash-flow in amount of 94 mRON
- the investment ended with a negative cash-flow in amount of 53mRON;
- the financing activity has lowered the total cash flow by 63 mTON, due to the cash outputs for the payment of dividends.

As compared to the previous year, the net cash flow generated by the operating activity in 2019 has exceeded the one in 2018 by 10 million RON following the increase of transport revenues, namely the proceeds from clients.

The cash out of investment activities has registered a lower trend in 2019 due to the decrease of the cash representing the modernization quota contained in the transport tariff, namely the diminution of the percentage allocated in the tariff for the modernization quota, based on relatively constant maintenance of the payments for assets procurement.

The cash flow related to the financing activity registers negative values also in 2019, increasing as compared to the previous year, due to payment of dividends returned to Depozitarul Central lower in 2018. Total amount of the dividends paid in 2019 was of 65 million RON and in 2018 were paid dividends in amount of 70 million RON.

These preliminary financial statements and the related notes, from page 2 to page 54 have been authorized for issue and signed by the company management at March 24th, 2020.

The Company CONPET S.A.

Cash-Flow Statement for the year ended Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

Director General

PhD Eng. Timur-Vasile Chis

Economic Director,

Econ. Sanda Toader

The attached notes from 1 to 25 are constituent parts of these financial statements.

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

1. Business Description and General Information

The company "CONPET" S.A. ("The Company") is a joint-stock company, with a unitary system administration, as per Law no. 31/1990 on the companies, republished, subsequent amendments, is registered at the Prahova Trade Registry under no. J29/6/1991, and the Financial Supervisory Authority by the registration certificate no. 7227/1997.

Address of the registered offices is Ploiesti Municipality, No. 1-3, Anul 1848 Street, Prahova County.

"CONPET" S.A. is the concessionaire of the crude oil, rich gas, condensate and ethane National Transport System, capacity acquired, in 2002, following the conclusion with the National Agency of Mineral Resources, the competent authority representing the State's interests in the oil resources sector, of an Oil Concession Agreement, approved by GD no.793/25.07.2002.

The company's shares are traded at the Bucharest Stock Exchange (BSE) on September 5, 2013, under the "COTE" symbol.

Currently, CONPET S.A. Is included in 7 indexes of the total of 9, namely **BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG AND BET Plus**.

At 31.12.2019, CONPET S.A. had a market capitalization of 689.1 mRON (1,444.2 mRON), occupying position 21 in "Top 25 of the issuers after capitalization".

Company Set-up

CONPET is set up based on GD 1213/20.11.1990 regarding the set-up of the joint stock commercial companies in the industry, pursuant to Law no.15/1990 regarding the reorganization of the public economic units as autonomous administrations and joint stock companies, by taking over all assets and liabilities of the former Crude Oil Pipeline Transport Enterprise (Rom.I.T.T.C.).

The shareholders structure and the number of voting rights at the date of 31.12.2019 are the followings:

- The Romanian State by the Ministry of Energy, small, medium enterprises and business environment, holder of a number of 5,083,372 shareholders representing 58.72% of the share capital,
- legal persons, with 2,361,896 shares representing 27.28 % and
- natural persons, with 1,212,260 shares representing 14.00 %.

Company's Mission

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

CONPET mission is the operation of the National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

Other Information on the Company's Business

As per the Articles of Incorporation, the company's core business is the transport of crude oil, rich gas, ethane and condensate via pipelines aiming at supplying the refineries with crude oil and derivatives out of domestic production, as well as with imported crude oil ((NACE code 4950- "transports via pipelines").

CONPET supplies transport services for its clients both via the National Transport System concession based on the oil concession agreement of the National Transport System of crude oil, gasoline, condensate and ethane, as well as by railway tanks, from the loading ramps to the refineries, for the oil areas not connected to the transport major pipelines.

The crude oil National Transport System represents the ensemble of the major interconnected pipelines ensuring the collection of the oil extracted from the exploitation areas or of the imported, from the delivery sites to the processing units.

CONPET, as concessionaire of the crude oil National Transport System entitles as common carrier and has the obligation to provide, as per the legal provisions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

The crude oil National Transport System belongs to the Romanian State public domain and is being administered by NAMR. (as per the Oil Law provisions). It comprises a pipelines system of approximately 3,800 km and has a transport capacity of 18.5 million tons/year.

Legal Environment

The activities in the oil sector are being regulated by the Pol law no.238/2004.

The National Agency for Mineral Resources (NAMR) represents the state's interests in oil resources and is the competent authority empowered to apply the provisions of Law no. 238/2001. As per the Oil Law, the National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to the public domain, concessioned to the operators acting in the oil industry.

The main responsibilities of NAMR are the followings:

- negotiates and concludes oil agreements on behalf of the state;
- awards mining concession licenses and operating permits
- issues regulatory acts, norms, instructions, orders and regulations;
- controls the compliance, by the holders of the concession agreements with the concession licenses and exploitation permits conditions;

- manages the National Transport System via pipelines of the crude oil and natural gas and regulates its operating activities through concession agreements concluded;
- annuls the concession/administration acts;
- approves the tariffs and the frame-contract for the transport of crude oil, rich gas, condensate and ethane.

The tariff for the supply of the transport service via the National Transport System of crude oil, rich gas, condensate and ethane

The transport tariff stands for the exchange value of the transport service supplied by the holder of the oil concession, as common carrier for the transport, via the crude oil National Transport System, of an oil ton along the oil take-over sites from the domestic producers or import and the delivery sites to the refineries.

The transport tariffs are being established in accordance with NAMR Order no.53/2008 for the approval of the guidelines regarding the criteria, methodology and settlement procedure of the regulated for the transport via the National Transport System and are being approved by NAMR as competent authority.

The company practices different transport tariffs for the two subsystems belonging to the National Transport System, namely the subsystem for the transport of crude oil, condensate, rich gas and ethane from the internal production and the subsystem fro the transport of the imported crude oil. For the transport on the import subsystem are being settled tariffs per refineries and per transported quantity installments, being applied the bracket tariff model.

The transport tariffs are determined by the value of transmission allocation of the amount of oil transported to the beneficiaries, the appropriate distances, using a methodology based on the determination of the cost of service, defined as all the revenue required to cover the transportation system operations, including:

- the operating cost, including: material expenses, personnel expenses, pipeline maintenance expenses, expenses with energy, gas and water, costs related to the amortization of the fixed assets, the royalty and other taxes applicable to the transporter, expenses related to the provision of pipeline guard, decontamination expenses, other expenses;
- modernization and development quota;
- a reasonable rate of profit .

2. Preparation Grounds

(a) Statement of Compliance

These financial statement of the Company have been drafted under the accounting regulations compliant with the International Financial Reporting Standards ("IFRS") approved by Order of the Ministry of Public Finances no.2844/2016

The IFRS standards represent the standards adopted according to the procedure provided by the Regulation (EC) no. 1.606/2002 of the European Parliament and the Council from July 19, 2002 on the application of the International Financial Reporting Standards and include standards and interpretations approved by the Committee for Accounting International Standards ("IASB"),

Accounting International Standards ("IAS") and interpretations issued by the Committee for the Interpretation of the International Financial Reporting Standards ("IFRIC").

The financial statement prepared at the date and for the financial year ended Tuesday, December 31, 2019 have been audited.

(b) Overview of the Financial Statements

The financial statement are being presented in compliance with IAS,1 requirements, the Overview of the Financial Statements. The company adopted an overview based on liquidity within the financial standing and an overview of the revenues and expenses according to the nature thereof within the statement of profit and loss and other elements of the global result, considering that these methods of presentation offer credible information and more relevant than the information presented based on other methods permitted by IAS 1.

(c) Functional and presentation currency

The financial statements are being presented in Romanian Lei (RON), as per the applicable accounting regulations, all amounts being rounded at the closest RON. The Romanian Leu (RON) is also the functional currency of the Company, as it is being defined by IAS,21, The effects of the variation of the currency.

(d) Evaluation Grounds

The financial statements are being prepared at historic cost, except for the intangible and tangible assets,other than the tangible assets in progress, which are being assessed at the reevaluated value, while the stocks are being assessed at the smallest value between the cost and the net achievable value.

The accounting policies defined herebelow have been consistently applied for all periods presented in these financial statements.

(e) Business Continuity

The financial statements have been prepared considering the ongoing concern.

(f) Accounting Estimations and Professional Reasonings

The preparation of the financial statements pursuant to the International Financial Reporting Standards („IFRS”) implies the use, by the Company, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including predictions of future events that are believed to be reasonable under certain circumstances. The results of these estimates set the grounds for the professional reasonings regarding the accounting value of the assets and liabilities that cannot be obtained from other information sources. The actual results may be different from the estimates values.

The significant reasoning used by the management for the application of the Company's accounting policies and the main sources of uncertainty regarding the estimates have been the same with those applied to the financial statements related to 2018.

(g) The Use of Estimates and reasonings

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

CONPET concluded in 2002 a concession contract with NAMR according to which the Company is entitled to use public patrimony assets including the goods part of the crude oil National Transport System.

The company CONPET operates as a joint stock, as per the Law no.31/1990 on the companies, republished, subsequent amendments, where the majority of shares are being held by the State, being a public enterprises. 109/2011 regarding corporate governance of public enterprises. The services supplied by the company are not public services, as they are being supplied in the benefit of the clients legal persons,

3. Accounting Policies

In the followings are being described the significant accounting policies applied by the company on a consistent basis.

(a) Transactions in Foreign Currency

Foreign currency transactions are being expressed in RON by application of the currency on the transaction date. The monetary assets and the debts expressed in foreign currency at the end of the period are being transformed in RON at the currency valid at that date.

The earnings and losses generated by the differences of currency, realized or not realized, are being registered in the profit and loss and other elements of the global result of the respective financial year.

The foreign exchange of the main foreign currencies were:

| | December 31, 2019 | December 31, 2018 |
|----------|------------------------------|------------------------------|
| RON/EURO | 4.7793 | 4.6639 |
| RON/USD | 4.2608 | 4.0736 |
| RON/GBP | 5.6088 | 5.1931 |

(b) Accounting for the effect of hyperinflation

In accordance with IAS 29 Financial reporting in hyperinflationary economies, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy shall be presented in the current unit balance-sheet date, i.e. non-monetary items are restated using a general price index from date of acquisition or contribution.

Therefore, the values reported in terms of purchasing power at December 31, 2003 are treated as the basis for the carrying amounts of these financial statements. .

As the characteristics of the economic environment in Romania indicate the cessation of hyperinflation, starting January 1,2004, the company no longer applies IAS 29.

(c) Financial Instruments

(i) Non-derivative financial assets

The company initially recognizes the financial assets (loans, receivables and deposits) the date when they have been initiated.

All other financial assets, here included the assets designated at fair value through profit or loss, are recognized initially on the trade date when the Company becomes party of the contractual terms of the instrument.

Any interest in the financial assets transferred that is created or retained by the Company is recognized separately, as asset or liability.

The financial assets and debts are offset and in the statement of the financial position is being presented the net value exclusively when the Company has the legal right to offset the amounts and intends either to settle them on a net basis, or to realize the asset and settle the obligation simultaneously. At 31.12.2019 the company holds the following non-derivative financial assets: cash, cash equivalents and receivables.

Short-term investments

The treasury accounting provides for, as per item 92 of Order 2844/2016, the records related to existence and movement of short-term investments, cash in bank accounts/pay offices, the short-term bank credits and other treasury values.

In the category of short-term investments are comprised Government securities: Government bonds, as well as treasury bills, which have been purchased in view of achieving a short-term profit.

On first registration, the short-term investments are being assessed based on the purchase cost, meaning the buy price or the value established under the contracts.

During 2019 the company has not had transactions representing short-term investment and does not have short-term investments in balance at the end of the year.

Receivables

Receivables are financial assets with fix payments or determinable that are not listed on an active market. Long-term Trade receivables and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise the amounts recorded in cash accounts, current accounts, deposits redeemable at maturity and other cash equivalents. The cash availability in foreign

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

currency are revalued at the exchange rate at the end of the period.

(ii) Non-derivative financial assets

The Company recognizes in the book-keeping the non-derivative financial liabilities on the trade date, when the Company becomes party to the contractual terms of the instrument. The Company may have the following non-derivative financial liabilities: guarantees retained from subcontractors, trade payables and other liabilities.

Trade liabilities

Liabilities to the suppliers and other liabilities include the exchange value of the invoices issued by the suppliers of goods, executed works and supplied services.

Leasing-related debts

As per IFRS 16, a contract is or contains a leasing contract in case that contract confers the right to control the use of an asset identified for a certain period of time in exchange of a countervalue.

For such contracts, at the date of initiation of performance thereof, a lessee must recognize an asset related to the right of use and a debt deriving from the leasing contract, debt generating interest.

The company includes in the item "Other debts" also the debts deriving from the leasing contracts at the present value of the payments of leasing that are not paid at that date.

(iii) Share capital - Common stocks

The share capital consisting of common stocks (ordinary) is recorded at the value established based on the articles of associations and addenda.

The company recognizes the amendments to the share capital only after the accomplishment of the legal procedures provided by Law no.31/1990.

(d) Tangible assets

(i) Recognition and Assessment

The tangible assets in the company's patrimony are being classified in the following category of assets of same kind and similar use.

- Land plots and land improvements;
- Buildings
- Operating oil product;
- Technological equipment, measuring installations and devices, control and adjustment and means of transport;
- Other tangible assets
- Tangible assets in progress.

The tangible assets are initially evaluated at cost by the Company. After initial recognition the tangible assets are being revealed in the statement of the financial statement at reevaluated values, established based on an assessment report drafted by an authorized independent expert. The reevaluations are made with fair regularity to make sure that the accounting value does not significantly differ from what would have been determined by using the fair value at the date of the reporting period.

The tangible assets are being presented in the statements of the financial standing at the reevaluated value, diminished by the cumulated depreciation and the loss from cumulated depreciation, except for advance payments and ongoing tangible assets appear as cost.

The cost of an element of tangible assets is made up of the procurement price, here included the import fees or non-recoverable procurement fees, the transport expenses, manipulation, commissions, notary fees, expenses with permits acquirement and other non-recoverable expenses directly related to tangible assets and any other direct costs attributable to bringing the assets to the place and in operating conditions.

The tangible assets in progress stand for unfinished investments performed in-house or under contract. They are being evaluated at the production or procurement cost, as the case may be. Tangible assets in progress pass to the category of tangible assets completed after the reception, putting into operation or commissioning thereof, as the case may be.

The cost of self-constructed property and equipment is determined using the same principles as for an acquired asset.

The Company does not recognize in the carrying amount of a tangible asset item the current repairs and usual maintenance, these costs are recognized as an expense when incurred.

The costs of current maintenance are mainly the workmanship and expandable costs and may include the cost of small components. The purpose of these expenses is often described as being meant for the "repairs and maintenance" of the tangible assets element.

(ii) Ulterior costs

Replacements of several components of tangible assets

The components of several elements of tangible assets may need the replacements at time regulated intervals.

In case one part of tangible assets, which has been initially recognized as a separate component of the asset is replaced, the accounting value of the replaces part is derecognised.

Regulated general inspections

One condition for the continuation of the exploitation of an element of tangible asset is the performance of a regulated general major inspection for detecting defects, notwithstanding they are being replaced or not component arts of the respective assets. When a general regulated inspection is being performed, the related cost is recognized in the accounting value of the tangible asset as a replacement, if the recognition criteria are satisfied.

An element of tangible assets and any significant part initially recognized are derecognised in the moment of disposal or when are not being expected future economic benefits from its use or sale.

If an element of tangible asset is re-assessed, all the other assets he's part of are re-evaluated, except for the situation when there is no active market for that asset. A class of tangible assets contains assets of the same nature and similar use, being operated by the entity. If the fair value of a tangible asset cannot be determined by references to an active market, the asset value presented in the balance sheet is its reassessed value at the date of the last reassessment, of which the decrease the cumulated value impairments.,

When certain components of a tangible asset have a different useful life, they are being counted as distinct elements (major components) of tangible assets.

The statement related to the evolution of tangible assets of the Company during 2019 and 2018 is being detailed in note 5.

Operating oil product

The company recognizes in tangible assets the operating oil product evaluated in the balance sheet at determined cost from the revaluation performed as per GD no.26 from January 22,1992 updated with inflation rate up to 31.12.2003, when Romanian economy was inflationary. Due to the fact that the oil operating product of the Company physically renews at every pumping and that the component elements of this product does not bear, therefore, moral or qualitative depreciation, the operation oil product has not useful life, thus is not being depreciated. The company presents the operating oil product at the cost value, here included the effects of restatements registered in the previous years as per application of "IAS29", Financial reporting in the hyperinflationary economies".

The Goods belonging to State Public Domain

The company administers goods belonging to the State public domain, as grantor of the oil concession Agreement concluded with the National Agency for Mineral Resources, approved by GD no.793/2002 for a period of 30 years.

Pursuant to the concession agreement, the objectives assumed by CONPET S.A. in relation to its activity are: to ensure the operation of the national transport system via pipelines under

maximum safety and economic efficiency conditions, to continuously improve the quality of services and to protect the environment.

The goods resulting following the investments provided by the rehabilitation, modernization and development programs performed out of own company's financing sources are being capitalized and depreciate on the minimum duration related to the remaining lifespan of the respective asset or the remaining term of the concession agreement. The goods are to be included in the State's public domain at the date of amortization of the investment by the company, namely on the expiry of the normal operation term or cease of the oil agreement, as the case may be, as per the legal provisions.

(iii) Reclassification as investments property

When an asset is being held more for obtaining revenues out of rentals or for the increase of the capital value or both, rather than for being used in the production or supply of goods and services, for administrative purposes or to be sold during the normal carry out of the activity, the asset is being transferred in investment property. Our company transfers an asset in the category of investment property if the latter generates cash flows that are, to a large extent, independent of other assets held.

The company does not hold investment property in balance at the date of preparation of these financial statements.

(iv) Intangible Assets held in view of Sale

When there is an amendment brought to the use of an intangible assets, meaning that its accounting value is to be recovered mainly by a sale transaction and not by its continuous use, the company records the asset transfer from the tangible assets category to non-current assets held in view of sale.

The non-current assets are classified as assets held for sale when:

- Are available for immediate sale
- The company's management is engaged in a sales plan;
- There are minimum chances that the sales plan incur significant changes or be withdrawn;
- It is being initiated an active program to find buyers;
- The assets group is being traded at a reasonable price as compared to the fair value;
- It is expected that the sale be concluded within 12 months as of the date of assets classification as held for sale.

Certain events or circumstances may extend the period for the completion of sale by more than one year. An extension of the period does not prevent an asset (or an asset group to be disposed) to be classified as being held in view of sale in case the delay is caused by events or circumstances outside the management control and there are enough proofs that the company remains committed to the plan regarding the asset's sale (or the sale of the asset group to be disposed).

The intangible assets (or asset group to be disposed) classified as being held in view of sale are being assessed by the company at the minimum between the accounting value and the fair value, less the sale costs.

The intangible assets are not being depreciated whilst they are being classified in view of sale.

(v)Assets related to the right of use of the assets taken by leasing

As per IFRS 16, Leasing Contracts, at the date of starting the performance, the company, as lessee, recognizes an asset related to the right of use. The cost of the asset related to the right of use includes the value of the initial value of the debt deriving from the leasing contract, any leasing payment being performed at the date of initiation of performance or prior to thid date, minus any in leasing stimulants received or any direct initial cost borne by the company as lessee.

In terms of financial standing, the assets related to the right of use are being included in the same element-item as the one where are being presented the assets-support of the company.

(vi)Depreciation

Amortization is being calculated by using the straight-line method.

The useful life of the tangible assets fit with those provided in the Catalog regarding the classification and normal operating durations of the fixed assets approved by Decision 2.139/2004.

The goods resulting following the investments related to the national transport system via pipelines pays off along the minimum duration between the remaining lifespan of the respective asset or the remaining duration from the concession agreement.

The assets related to the rights of use of the assets taken by leasing are being linearly depreciated, along the lifespan of the support-asset

The lifespans of the tangible assets are being periodically revised and, as the case may be, at the date of value increase thereof, due to some expenses subsequently performed.

(vii) Sale/ cessation of intangible assets

Tangible assets that are scrapped or sold are being derecognised from the balance sheet together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation are included in current profit or loss.

The gain or loss resulting from the non-acknowledgment of an element from tangible assets, determined as difference between net proceeds from sale included in the operating revenues and the net accounting value of the asset included in other operating expenses are being revealed as separate position The Statement of profit and loss and other elements of the global result.

(e) Intangible assets

(i) Acknowledgment and Assessment

Intangible assets are initially recognized at cost. The cost of intangible assets include expenses that are not directly attributable to the purchase of the respective elements.

Expenditure related to the acquisition of software licenses is capitalized based on the costs of purchase and commissioning of the respective programs. The costs associated to the maintenance of the software programs are recognized as expenses upon occurrence.

(ii) Subsequent Expenditure

The subsequent expenses are capitalized only when they increase the future economic benefits embodied in the value of the asset to which they are intended. All other expenditure, including expenditure on the goodwill and the internally generated brands are recognized in profit or loss when incurred.

(iii) Depreciation

Depreciation is recognized in profit or loss using the linear method for the useful life estimated for intangible assets other than goodwill, from the date they are available for use.

(f) Depreciation of Assets

The Financial Assets

The carrying value of the Company's assets that are not of a financial nature, other than deferred tax assets, are reviewed at each reporting date to identify the existence of depreciation indices. If such indices exist, it is being estimated the recoverable amount of the said assets.

The recoverable amount of an asset or of a cash-generating unit is the maximum between its use value and its fair value, less the costs to sell the asset or units. A cash-generating unit is the smallest identifiable group that generates cash and that independently of the other assets and other groups of assets has the ability to generate cash flows. To determine the use value, the expected future cash flows are discounted using a discount rate before taxation, which reflects the current market conditions and the risks specific to the said asset.

A depreciation loss is recognized when the carrying amount of the asset or cash-generating unit exceeds its estimated recoverable amount of the asset or the cash-generating unit.

The depreciation losses recognized during the previous periods are being assessed at each reporting date in order to determine whether they have diminished or no longer exist. The depreciation loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

The augmented carrying-value of an asset, other than the goodwill, resulted from the reversal of an impairment loss, should not exceed the (net) carrying amount that would have been determined in case that, during the previous years hadn't been recognized a depreciation loss for the said asset.

Given some internal and external factors, the Company assessed net book value registered at the balance sheet date for depreciable tangible assets, so as to evaluate the possibility of

existence of a depreciation thereof, which could attract the record of an adjustment for depreciation.

The Financial Assets

The short-term receivables are not discounted. The recoverable amount of other assets is deemed the highest value between the fair value (less sale costs) and the use value. Estimating the use value of an asset involves updating the estimated future cash flows using a pre-tax discount rate that reflects current market assessments regarding the time value of money and the risks specific to the asset.

Depreciation losses on financial assets or a receivable recorded at the amortized cost is reversed if there has been a change in the estimates used to determine the recoverable amount.

(g) Stocks

The main categories of inventories are: consumables, spare parts, ongoing services, residual services and materials like inventory objects.

The stocks are valued at the lower of cost and net achievable value.

The cost of stocks is based on the first in - first out (FIFO) principle and includes costs incurred for the purchase of inventories, production or processing costs and other costs incurred for bringing the inventories in the form and present location.

The net achievable value is the estimated selling price to be obtained in the ordinary course of business, less estimated costs of completion, when appropriate, and the estimated costs necessary to the sale.

If applicable there will be applied impairments for the obsolete stocks, slow movement or damaged.

(h) Dividends

The dividends are recognized as a liability in the period in which their distribution is approved. The distribution of dividends is being performed subsequently to the approval of the annual financial statements.

(i) Revaluation reserves

The revaluations are performed with sufficient regularity so that the carrying amount not differ substantially from that which would be determined using the fair value at the balance sheet date.

The difference between the value resulting after revaluation and the net accounting value of tangible assets is presented either according to its nature (appreciation/depreciation), either at the revaluation reserve as a distinct sub-element in " Shareholders Equity" or in the "Profit and Loss" account..

If the revaluation result is an increase over the net accounting value, then, it is treated as follows: as an increase of the revaluation reserve presented within the total equity, if there was no previous decrease recognized as an expense related to that asset or as an income to compensate the expense with the decrease previously recognized at that asset.

If the revaluation result is a decrease of the net accounting value, it is treated as an expense with the entire value of the depreciation when in the revaluation reserve is not recorded an amount on the asset (revaluation surplus) or as a decrease of the reserve from the revaluation by the minimum between the value of that reserve and the amount of the decrease; the possible difference remaining uncovered is recorded as an expense.

The revaluation surplus included in the revaluation reserve is transferred to the retained result when this surplus represents an achieved gain. The gain is deemed realized as monthly amortization is being registered and when deleting from the records of the asset for which was established the revaluation reserve. No part of the revaluation reserve may be distributed, directly or indirectly, unless it is actually an achieved gain.

A particularity occurs in case of the assets financed out of the modernization quota.

Thus, in case the revaluation result shows an increase compared to the net accounting values, then it is being treated as follows:

- as an increase of the revaluation reserve, if there was no previous decrease recognized as an expense related to that asset,
- as an increase of the reserve established out of the modernization quota, up to the set-off of the decrease previously recognized and for which, simultaneously with the depreciation expense was also diminished the quota reserve by recognition as income.

In case the result of revaluation is a *decrease* of the net accounting values, the latter will be treated as an expense when in the revaluation reserve is not registered an amount related to that assets (revaluation surplus) and the reserve formed out of the modernization quota is diminished simultaneously by recognition as income.

Starting May 1, 2009, the statutory reserves from the revaluation of fixed assets, including the lands, performed after January 1, 2004, which are deducted from calculation of taxable profit through tax depreciation or from expenditure regarding the assets ceded and / or asset retirement, shall be taxed concomitant with the deduction of the fiscal depreciation, respectively when deducting from the administration of these fixed assets, as appropriate.

The reserves made are taxable in the future, in case of change of reserve destination, reserve distribution towards the participants in any form, liquidation, division, merger of the taxpayer or of any other reason except for transfer, after May 1, 2009, of the reserves mentioned in the previous paragraph.

(j) Legal reserves

The legal reserves are constituted in a rate of 5% of gross statutory profit, as of the end of the year until the total legal reserves reached 20% of the nominal share capital (statutory) paid-up in compliance with the legal provisions. These reserves are deductible at the calculation of the income tax and are distributable exclusively upon liquidation of the Company.

(k) Other reserves

The company constitutes profit reserves also at the expense of the modernization quota, based on the GD no.168 / 1998 on setting the quota for the expenses necessary for the development

and modernization of crude oil and natural gas production, refining, transport and petroleum distribution, subsequent amendments, presented in GD's no.768 of 7 September 2000 and 1116 of 10 October 2002 and according to the provisions of Law no.227/2015 on the Fiscal Code. The modernization quota is approved by the National Agency for Mineral Resources (NAMR). Once with the approval of the transport tariffs.

In other reserves - the modernization quota, as sub-element of the accounts of equities are being included the amounts representing the plus resulting from the revaluation of the tangible assets financed out of this source, until the clearing of the decrease previously acknowledged.

(I) Related Parties

The Parties are deemed affiliated in case they are subject to control (or joint control) by the same entity or when an entity has the ability to directly or indirectly control or significantly influence the other party, either through ownership, contractual rights, family relationship or otherwise, as defined in IAS 24 Affiliated Party Disclosures.

(m) The benefits of the employees

(i) Benefits granted on retiring

In the normal course of business, the Company makes payments to the Romanian State in the account of his employees, at the statutory rates.

All employees of the company are included in the Romanian State pension plan. These costs are recognized in the statement of the global result once salaries recognition.

The Company recognizes a provision for retirement benefits. The discounted value of the liabilities related to the benefits granted on retirement is annually determined by an independent actuary. The Company operates no other pensions or post-retirement benefits plan and, consequently, has no sort of other pensions-related liabilities.

(ii) Short-term Employees Benefits

The short-term employees' benefits are the ones to be settled in no more than 12 months as of the end of the reporting period when the employees have supplied the said services. These benefits are mainly represented by salaries and contributions of the employer to the social insurance, rest and medical leaves, the employees' share of profit. The liabilities related to these benefits are recognized as expense while the services are supplied and are assessed on a non-discounted basis.

The company establishes a fund for the employees' share of profit, as per the provisions of the Government Ordinance no.64/August 30, 2001.

(n) Provisions

Provisions are recognized when the Company has a current obligation (legal or implicit) as a result of a past event, it is probable that an outflow of resources be required to settle the obligation and duty can be estimated reliably.

The amount recognized as a provision is the best estimate at the balance sheet date, of the costs required to settle the present obligation.

The best estimate of the costs required to settle current debt is the amount that the Company would pay, rationally, to settle the obligation at the balance sheet date, or transfer it to a third party at that time.

If the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used reflects current market assessments of the time-value of money and the risks specific to the liability.

Gains from the expected disposal of assets should not be taken into account in measuring a provision.

If estimated that one or all expenses related to a provision will be reimbursed by a third party, the reimbursement is recognized only when it is certain that it will be received. The reimbursement is considered as a separate asset.

Provisions are reviewed at each balance sheet date and adjusted as to reflect the current best estimate. In case that, for settling an obligation is no longer possible an outflow of resources, then the provision must be canceled by recognition as income.

(o) Subsidies

Subsidies for assets, including non-monetary subsidies at fair value, are recorded in the accounting as investment subsidies and are recognized in the balance sheet as deferred income. The deferred income is recorded in the profit and loss account statement upon registration of the depreciation expenses or upon the scrapping or disposal of assets.

The subsidies that compensate the Company for the expenses incurred are recognized systematically in the profit or loss account, in the same periods when the expenses are recognized.

(p)Revenues

Revenues related to Services Supply

The revenues from the services supply are recognized in the period in which they were provided in correspondence with the stage of execution.

As per IFRS 15 Revenues from clients contracts, the value of the trade price allocated to an obligation of execution is acknowledged in revenues when or as an execution measure in being fulfilled.

In order to determine the trade price are being considered the terms of the contract and the usual business practices. The price of the transaction represents the value of the consideration to which the company expects to have the right in exchange of the transfer of goods or services promised to a client, not including the collected amounts on behalf of some third-parties.

Revenues from royalties, rentals and interests

Acknowledgment rules:

- interests are recognized periodically, proportionally, upon generation of the said income, on an accrual basis;
- royalties and rentals are recognized on an accrual basis, under the contract.

(q) Financial revenues and expenses

The financial revenues comprise interest revenues related to the funds invested and other financial revenues. The interest revenues are recognized in profit or loss of the period, on accrual basis, using the effective interest method.

Financial expenses comprise mainly the expense with currency fluctuations.

The expense generated by the debts deriving from the leasing contracts are acknowledged within the financial expenses. The interest expenses are being registered in the profit and loss account along the duration of the leasing contract, being calculated at the outstanding balance of the debt related to the leasing for each stage. This thing will determine higher expenses at the beginning of the leasing contract.

(r) Tax

The corporate tax expenses comprise current tax and deferred tax.

The corporate tax is recognized either in the profit and loss of the period, or outside the profit and loss, in other elements of the global result or straight in the equities.

(i) Current Tax.

Current tax is the tax payable on the profit realized in the current period, determined using tax rates enacted at the reporting date and any adjustment for prior periods.

For the financial year ended Tuesday, December 31, 2019, the corporate tax rate, under the Fiscal Code, was of 16%.

(ii) Deferred Tax

The deferred tax is determined by the Company using the balance sheet method for those temporary differences arising between the tax calculation base on assets and liabilities and their book value, used for the individual financial statements reporting.

Deferred tax is calculated using the tax rates that are expected to apply to the temporary differences upon the write-back thereof, under the legislation in force at the reporting date.

Deferred tax- related receivables and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and receivables and whether they are related to the tax collected by the same tax authority on the same entity subject to taxation, or different tax authorities, but willing to achieve settlement of current receivables and payables by the tax, using a net basis or the related assets and liabilities will be realized simultaneously.

The deferred tax related receivable is recognized by the Company only to the extent where the achievement of future profits is likely to happen, which can be used to cover the tax loss. The deferred tax related receivable is reviewed at the end of each financial year and is reduced to the extent that the related tax benefit is unlikely to be achieved. The additional taxes that arise from the distribution of dividends are recognized, at the same time, with the liability of dividends' payment.

(iii) Tax Exposures

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For the determination of current and deferred tax, the Company takes into account the impact of uncertain tax positions and the possibility of additional taxes and interests. This assessment is based on estimates and assumptions and may involve a series of judgments about the future events. New information may become available, thus causing the Company to change its judgment regarding the accuracy in estimating the existing fiscal liabilities; such changes in tax obligations affect the tax expense in the period in which such determination is made.

(s) Result per share

The earnings per share is determined by dividing the profit or loss attributable to the Company's ordinary shareholders to the weighted average number of ordinary shares for the period under review.

(t) Business Segments Reporting

A segment is a distinct component of the Company that provides certain products or services (business segment) or provides products and services in a particular geographical environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Conpet has a single reportable segment, namely transport services supply for its clients both via the National Transport System and by railway

(u) Contingent Assets and Liabilities

The contingent liabilities are not recognized in the statement of the financial standing and in the profit and loss account. They are disclosed in the notes to the financial statements, except for the possibility of an outflow of resources representing economic benefits is being removed.

A contingent asset is not recognized in the financial statements and in the profit and loss account, but disclosed when an inflow of economic benefits is likely to happen.

(v) Ulterior Events

The financial statements reflect subsequent events after the year-end, events that provide additional information on the Company's position at the reporting date or those that indicate a possible violation of the going concern principle (events that cause adjustments). Events following the end of the year that are not adjusting events are disclosed in notes when they are considered significant.

(w) Comparative figures

The statement of the financial standing for the year ended Tuesday, December 31, 2019 shows comparability with the statement of the financial standing for the financial year ended Monday, December 31, 2018.

x) New standards and interpretations

The following new standards and amendments of the existing standards issued by the Committee for International Accounting Standards (CIAS) and adopted by the European Union (EU) have not yet entered into force for the period of annual financial reporting ended December 31st 2018 and were not applied when drawing up these financial statements: [IAS 8.30 (a)]:

| Standard/Interpretation [IAS 8.31 (a), 8.31(c)] | Nature of imminent amendment of the accounting policy [IAS 8.31 (b)] | Potential impact on the financial statement [IAS 8.31 (e)] |
|---|---|--|
| <p>The amendments to IAS 1 "Presentation of the financial statements", IAS 8 "Accounting Policies, amendments of the accounting estimated and errors"</p> <p><i>(in force for annual periods starting with or after January 1st 2020)</i></p> | <p>The objective of the amendments brought to the standards IAS 1 and IAS 8 is to clarify the definition of the term "significant" in order to enable the assessment by the enterprises of the significant nature and in order to increase the relevance of the information presented in the notes to the financial statements.</p> | <p>The impact of the amendments on the financial statements in under assessment.</p> |
| <p>Amendments of the references to the general conceptual framework in IFRS standards.</p> <p><i>(in force for annual periods starting with or after January 1st 2019)</i></p> | <p>The objective of the amendments is to update the existing references to the previous frameworks, by replacing them with the references to the general conceptual framework reviewed, from various standards and interpretations (IFRS 2 "Payment based on shares", IFRS 3 "/combinations of enterprises", IFRS 6 "Exploration and evaluation of the mineral resources", JAS 1 "Presentation of the financial statements", JAS 8 "Accounting principles, amendments of the accounting estimates and errors", JAS 34 "Interim of financial reporting", JAS 37 "Provisions, contingent liabilities and contingent assets", JAS 38 "Intangible assets", IFRIC 12 "Services concession engagements", IFRIC 19 "Satisfaction of financial liabilities with equities instruments", IFRIC 20 "Stripping costs in the production stage of an open strip mine", IFRIC 22 "Currency transactions and considerations in advance", SIC 32 "Non-tangible assets - Costs associated to the creation of web sites"</p> | <p>The impact of the amendments on the financial statements in under assessment.</p> |
| <p>Amendments to IFRS 9 "Financial instruments", IAS 39 "Financial</p> | <p>The amendments provide temporary exemptions and limited from the dispositions related to hedge</p> | <p>The impact of the amendments on the financial</p> |

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | |
|--|---|--|
| <p>instruments: acknowledgment assessment", IFRS 7 "Financial instruments: information to be supplied". <i>(in force for annual periods starting with or after January 1st 2020)</i></p> | <p>accounting against risks provided by standards IAS 39, IFRS 9, IFRS 7.</p> | <p>statements in under assessment.</p> |
|--|---|--|

| <p>The following standards and the amendments of the existing standards, issued by the Committee for International Accounting Standards (IASB) and adopted by the European Union (EU) have <i>entered into force in the current period</i>: /Standard/Interpretation [IAS 8.31 (a), 8.31(c)]</p> | <p>Nature of imminent amendment of the accounting policy [IAS 8.31 (b)]</p> | <p>The impact over the financial statements [IAS 8.21(e)]</p> |
|--|--|---|
| <p>Amendments to IFRS 16 "Leasing Contracts" (in force for annual periods starting with or after January 1st 2019)</p> | <p>The amendments to IFRS 16 aims at the improvement of the financial reporting with regards to the leasing contracts.</p> | <p>The adoption of IFRS 16 had no impact on the individual financial statements of the year 2019.</p> |
| <p>Amendments to IFRS 9 "Financial instruments" (in force for annual periods starting with or after January 1st 2019)</p> | <p>The amendments are meant to clarify the classification of certain financial assets paid in advance when the IFRS 9 is being applied.</p> | <p>The adoption of IFRS 9 had no impact on the individual financial statements of the year 2019.</p> |
| <p>IFRIC 23 "Incertitude related to fiscal treatments" (in force for annual periods starting with or after January 1st 2019)</p> | <p>IFRIC 23 mentions the manner in which the incertitude should be reflected in the accounting related to the corporate tax.</p> | <p>The adoption of IFRIC 23 had no impact on the individual financial statements of the year 2019.</p> |
| <p>Amendments to IAS 28 "Investment in associated entities and joint ventures" (in force for annual periods starting with or after January 1st 2019)</p> | <p>The objective of the amendments IAS 28 is to clarify that the requirements on depreciation contained in the International Financial Reporting Standard (IFRS) 9 Financial Instruments is being applied to long-term investments in the associated entities and joint ventures.</p> | <p>The adoption of these amendments of IAS 28 had no impact over the financial statements, as this standard is not applicable at the date of preparation of these financial statements.</p> |
| <p>Amendments to IAS 19 "Financial instruments" (in force for annual periods starting with or after January 1st 2019)</p> | <p>The objective of the amendments is to clarify the fact that, after an amendment, reduction or settlement of the plan of determined benefits, an entity should apply the actuarial hypothesis resulting from reevaluation of net debt (net assets) with regards to the benefits determined for the rest of the reporting period.</p> | <p>The adoption of these amendments IAS 19 had no impact on the financial statements.</p> |

| | | |
|---|--|---|
| The amendments to various standards "Improvements of IFRS (cycle 2015-2017" resulting from the annual Improvement project of IFRS (IFRS 12 "The adoption for the first time of the financial reporting International Standards" and IFRS 3 "Investments in associated entities and joint ventures"- in force for annual periods starting or following the date of Tuesday, January 1, 2019) | The objective of these amendments targets the simplification and clarification of the standards. | The adoption of IFRS 9 had no impact on the financial statements. |
|---|--|---|

4. Determination of Fair Value

Certain Company's accounting policies and requests of information supply require the determination of the fair value for financial and non-financial assets and liabilities.

Fair value hierarchy

Fair values are multi-level classified in the fair value hierarchy based on the input data used in the assessment techniques, as follows:

Level 1: Prices quoted on active markets for identical assets and liabilities.

Level 2: Input data, other than the prices included at Level 1 containing observable values for assets or liabilities, directly or indirectly.

Level 3: Inputs for assets or liabilities that are not grounded on the data observable on the market.

The fair values of the tangible assets have been determined in view of assessment and/or presentation of the information based on the methods described below.

The reevaluated value of the lands, buildings and equipment was established beginning from the fair value based on the market method and on the cost using quoted market prices for similar items, when they are available, or the replacement cost when appropriate. The depreciated replacement cost reflects adjustments for physical deterioration, wear and tear, functional and economical obsolescence. The reevaluated value of lands, buildings and equipment was determined by authorised appraisers.

Where applicable, additional information regarding the hypothesis used in the determination of fair value are presented in the notes specific to the named asset or liability.

In the following chart are being presented the fair values classified on the 3 level in the hierarchy of fair values, structured on group of tangible assets:

| | Level 1 | Level 2 | Level 3 | The fair value at December 31, 2019 |
|--|---------|---------|-------------|-------------------------------------|
| Lands and lands development activities | - | - | 22,584,099 | 22,584,099 |
| Buildings | - | - | 296,762,869 | 296,762,869 |
| Machineries and equipments | - | - | 52,981,937 | 52,981,937 |
| Control and measurement devices | - | - | 19,338,486 | 19,338,486 |
| Means of transport | - | - | 11,756,867 | 11,756,867 |
| Other assets | - | - | 2,360,592 | 2,360,592 |

| | Level 1 | Level 2 | Level 3 | Fair value at December 31, 2018 |
|--|---------|---------|-------------|---------------------------------|
| Lands and lands development activities | - | - | 22,584,099 | 22,584,099 |
| | - | - | 276,429,871 | 276,429,871 |
| Machineries and equipments | - | - | 41,396,675 | 41,396,675 |
| Control and measurement devices | - | - | 18,646,625 | 18,646,625 |
| Means of transport | - | - | 9,535,522 | 9,535,522 |
| Other assets | - | - | 2,671,352 | 2,671,352 |

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5. Tangible assets

During 2019 as compared to 2018 the tangible assets have evolved as follows:

| Name | Land plots and land improvements | Special installations and buildings | Operating oil products | Machineries and equipments | Control and measurement devices | Means of transport | Other intangible assets | Tangible assets in progress | Total intangible assets |
|---|----------------------------------|-------------------------------------|------------------------|----------------------------|---------------------------------|--------------------|-------------------------|-----------------------------|-------------------------|
| Gross accounting value at January 1,2019 | 22,584,099 | 255,182,601 | 42,072,846 | 84,139,169 | 71,712,695 | 28,925,819 | 6,519,889 | 59,335,443 | 570,472,561 |
| Cumulated depreciation at, January 1, 2019 | - | (20,825,576) | - | (42,742,494) | (53,066,070) | (19,390,298) | (3,848,537) | - | (139,872,975) |
| Net accounting value at January 1, 2019 | 22,584,099 | 234,357,025 | 42,072,846 | 41,396,675 | 18,646,625 | 9,535,522 | 2,671,352 | 59,335,443 | 430,599,587 |
| Inputs intangible assets" | - | 43,735,337 | - | 21,005,872 | 9,562,568 | 5,241,873 | 400,480 | (979,646) | 78,966,484 |
| Outputs intangible assets | - | (27,700) | - | (15,086) | (6,103) | - | - | (202,652) | (251,541) |
| Depreciation registered during the year | - | (23,360,125) | - | (9,402,838) | (8,864,604) | (3,020,528) | (711,240) | - | (45,359,335) |
| Impairments for depreciation of write-back receivables | - | - | - | - | - | - | - | (302,026) | (302,026) |
| Loss from depreciation of tangible assets | - | (14,514) | - | (2,686) | - | - | - | - | (17,200) |
| Net accounting value at December 31, 2019 | 22,584,099 | 254,690,023 | 42,072,846 | 52,981,937 | 19,338,486 | 11,756,867 | 2,360,592 | 57,851,119 | 463,635,969 |

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | | | | | | | | |
|-------------------|---|-------------------|---|-------------------|----------------|------------------|------------------|--------------------|-------------------|
| Difference | - | 20,332,998 | - | 11,585,262 | 691,861 | 2,221,345 | (310,760) | (1,484,324) | 33,036,382 |
|-------------------|---|-------------------|---|-------------------|----------------|------------------|------------------|--------------------|-------------------|

*Element-row "Means of transport" includes the value of the rights of use of the assets purchased in December in financial leasing system, consisting of 30 vehicles necessary to the performance of the activity specific to the company. At 31.12.2019 the value of these assets is 2,228,610 RON. There were no registered expenses with the depreciation of the assets taken by leasing.

| Name | Land plots and land improvements | Buildings and special installations | Operating oil products | Machineries and equipments | Control and measurement devices | Means of transport | Other intangible assets | Tangible assets in progress | Total intangible assets |
|--|----------------------------------|-------------------------------------|------------------------|----------------------------|---------------------------------|--------------------|-------------------------|-----------------------------|-------------------------|
| Gross accounting value at January 1, 2018 | 22,584,099 | 226,786,502 | 42,072,846 | 80,104,803 | 65,418,061 | 28,398,221 | 6,411,128 | 33,961,299 | 505,736,959 |
| Cumulated depreciation at January 1, 2018 | - | - | - | (34,312,830) | (43,729,974) | (17,374,213) | (3,044,256) | | (98,461,273) |
| Net accounting value at Monday, January 1, 2018 | 22,584,099 | 226,786,502 | 42,072,846 | 45,791,973 | 21,688,087 | 11,024,008 | 3,366,872 | 33,961,299 | 407,275,686 |
| Inputs intangible assets | - | 28,633,404 | - | 4,616,461 | 6,799,624 | 1,703,626 | 141,786 | 25,374,144 | 67,269,045 |

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | | | | | | | | |
|--|-------------------|--------------------|-------------------|--------------------|--------------------|--------------------|------------------|-------------------|--------------------|
| Outputs intangible assets | - | (203,141) | - | (119,480) | (6,607) | (111,685) | (4,194) | - | (445,107) |
| Depreciation registered during the year | - | (20,859,740) | - | (8,892,279) | (9,834,479) | (3,080,427) | (833,112) | - | (43,500,037) |
| Net accounting value at Monday, December 31, 2018 | 22,584,099 | 234,357,025 | 42,072,846 | 41,396,675 | 18,646,625 | 9,535,522 | 2,671,352 | 59,335,443 | 430,599,587 |
| Difference | - | 7,570,523 | - | (4,395,298) | (3,041,462) | (1,488,486) | (695,520) | 25,374,144 | 23,323,901 |

At 31.12.2019 the net value of the tangible assets has increased as compared to the end of the year 2018 with the amount of 33,036,382 RON.

During 2019 there have been registered inputs of tangible assets in amount of 78,966,484 RON, outputs at the remaining value of 251,541 RON and impairments and losses from depreciations in amount of 319,226 RON. The depreciation of the tangible assets in 2019 was in amount of 45,359,335 RON.

The tangible assets commissioned in 2019 were of 79,946,130 RON.

In December 2019 there have been recorded inputs of tangible assets procured in financial leasing system, consisting of 30 vehicles necessary for the performance of the activities specific to the company. The duration of the financial leasing contract is of 4 years and the value of the rights of use of the assets taken by leasing, of 2,228,6120 RON is being included in the same element-row as the one to which are being presented the assets-support proper to the company, namely the "Means of transport".

There were not registered expenses with the depreciation of the assets taken by leasing.

The lands held by the Company are located in Ploiesti at the company's administrative offices and in the 24 counties covered by the transport pipelines or where are being located the crude oil tanks loading ramps.

At 31.12.2019, CONPET has recorded in the company patrimony lands in surface of 733,649 sqm with an accounting value amounting to 22,584,099 RON, namely:

- 554,538 sqm represent lands with an accounting value of 12,348,115 RON, held under 48 Certificates of ownership obtained during 2001-2005, appraised on the date of acquiring the certificates, in accordance with GD 834/1991 on the establishment and appraisal of some lands owned by the state-owned companies, at the value of 26,255,918 RON. These lands have been obtained in the company patrimony on the expense of other equity reserves, without augmenting the share capital by the value thereof..
- 55,411.45 sqm represent lands with an accounting value of 3,144,984 RON held based on 14 Ownership Certificates obtained until 2001. The share capital of the company has been increased by the value of these lands.
- 23,700 sqm represent lands with an accounting value of acquired by the Company upon several sale-purchase contracts. A part of the procured lands are related to the corporate offices and on the other procured lands are placed telecommunication towers located in different sites over the country.

The tangible assets also include the oil operating product, assessed in the statement of the financial standing at the cost determined from the revaluation performed as per GD no.26 of January 22, 1992, restated by the application of IAS 29 "financial reporting in the hyperinflationary

economies". In 2019 have not been registered movements of oil product, the value thereof at 31.12.2019 being of 42,072,846 RON.

| Operating oil product | December, 31 | December, 31 |
|--|-------------------|-------------------|
| | 2019 | 2018 |
| | 254,549 | 254,549 |
| Differences related to restatement as per IAS 29 | 41,818,297 | 41,818,297 |
| Balance of the operating oil product | 42,072,846 | 42,072,846 |

Tangible assets in progress

At December 31, 2019, the value of the assets in progress is of 57,851,119 RON and comprise investment objectives provided in "2019 investments program":, as: pipelines segments replacements on different length and routes, commissioning works of the crude oil pipelines to overcrossing or undercrossing of the rivers, inline inspections of pipelines, tanks modernizations, modernizations of pumping stations and loading ramps, modernizations of certain pumping systems, modernizations of cathodic protection systems, telecommunication works etc.

Reevaluation of tangible assets

After initial recognition, the tangible assets are being re-assessed.

The tangible assets for which the company has adopted the alternative treatment allowed, namely the ones that have been re-assessed, are being presented in the financial statements at the re-assessed value (the fair value at the re-assessment value), less the ulterior depreciation cumulated and the ulterior losses from depreciation. The re-assessments have been performed with sufficient regularity, at least once at 3 years, the most recent re-assessment being of 31.12.2017. At that date have been evaluated, by S.C. EAST BRIDGE SRL Bucureşti, the goods from group I - buildings and lands in the company's patrimony

The tangible assets re-assessed at the fair value, less the depreciation at 31.12.2017, 31.12.2018 and 31.12.2019 look as follows:

| Crt.no. | Class | Value at 31.12.2017 | Value at 31.12.2018 | Value at 31.12.2019 | Amendment during 2019 |
|--------------|-----------|------------------------|------------------------|------------------------|--------------------------|
| 1 | Lands | 22,584,099 | 22,584,099 | 22,584,099 | - |
| 2 | Buildings | 226,786,502 | 206,507,581 | 186,893,628 | (19,613,953) |
| TOTAL | | 249,370,601 | 229,091,680 | 209,477,727 | (19,613,953) |

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(All amounts are expressed in LEI, if not otherwise indicated)

6. Intangible assets

In 2019, as compared to 2018, the intangible assets have evolved as follows:

| Name | Rights of use related to the assets taken by leasing | License and soft | Other intangible assets | Total intangible assets |
|---|--|---------------------|-------------------------------|-------------------------------|
| Inventory value at January 1,2019 | - 6,395,880 | 910,983 | 7,306,863 | |
| Depreciation cumulated at January 1,2019 | - (3,598,392) | (864,867) | (4,463,259) | |
| Net accounting value at January 1,2019 | - 2,797,488 | 46,116 | 2,843,604 | |
| Intangible assets inputs | 4,963,226 | 1,174,415 | - | 6,137,641 |
| Depreciation registered during the year | (1,621,597) | (973,635) | (46,116) | (2,641,348) |
| Net accounting value at December 31,2019 | 3,341,629 | 2,998,268 | - | 6,339,897 |
| | 3,341,629 | 200,780 | (46,116) | 3,496,293 |

| Name | Licenses and soft | Other intangible assets | Total intangible assets |
|---|----------------------|-------------------------------|-------------------------------|
| Stock value at January 1, 2018 | 4,009,627 | 1,100,018 | 5,109,645 |
| Cummulated depreciation at January 1, 2018 | (2,640,858) | (1,006,115) | (3,646,973) |
| Net accounting value at January 1,2018 | 1,368,769 | 93,903 | 1,462,672 |
| | 2,386,253 | - | 2,386,253 |
| | (957,534) | (47,787) | (1,005,321) |
| Net accounting value at December 31,2018 | 2,797,488 | 46,116 | 2,843,604 |
| Difference | 1,428,719 | (47,787) | 1,380,932 |

At 31.12.2019 the net value of the intangible assets has increased as compared to the end of 2018, by the amount of 3.496.293 RON. During 2019 have been registered inputs of intangible

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assets in amount of 6.137.641 RON, and the amortization of the intangible assets in 2019 was in amount of 2.641.348 RON.

The depreciation method used in the linear one. The balance composition is made up of IT programs, soft licenses, supply connection to the electric power network, water, as well as rights of use acknowledged as per IFRS 16.

The rights of use acknowledged within the intangible assets as per IFRS 16 have resulted from the lease and concession contracts concluded with various land owners, buildings and tank cars for the transport of oil products. On the leased lands are being located telecommunications equipments and cathodic protection stations in various locations in the country and the buildings are used as working sites, command, for the gendarmes or for the performance of other administrative activities of the company.

The rights of use of the assets related to the lease and concession contracts have been evaluated at the value of the leasing debt in amount of 4,963,226 RON. **The leasing debts have been determined as the value presented of the outstanding leasing payments, applying a discount factor (discount rate) equal to the rate of interest for the lessee, at the date of first application of IFRS 16.**

There are not capitalized expenses of research development.

7. Financial Assets

The comparative statement of the financial assets on the two reporting periods reveals the followings:

| Name | Other non-current securities | Long-term Receivables | Total financial assets |
|---|-------------------------------------|------------------------------|-------------------------------|
| Net accounting value at January 1,2019 | 5,000 | 855,582 | 860,582 |
| Inputs | 100 | 90,895 | 90,995 |
| Outputs | - | 140,979 | 140,979 |
| Net accounting value at December 31,2019 | 5,100 | 805,498 | 810,598 |
| Difference | 100 | (50,084) | (49,984) |

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(All amounts are expressed in LEI, if not otherwise indicated)

| Name | Other | Long-term | Total financial assets |
|--|--------------|------------------|------------------------|
| | Receivables | | |
| Net accounting value at Monday, January 1, 2018 | 5,000 | 968,782 | 973,782 |
| Inputs | - | 66,537 | 66,537 |
| Outputs | - | 179,738 | 179,738 |
| Net accounting value at Monday, December 31, 2018 | 5,000 | 855,581 | 860,581 |
| Difference | - | (113,201) | (113,201) |

At 31.12.2019, the value of the financial assets has decreased as compare to January, 1, 2019, by 49,984 RON, mainly based on the reduction of the non-current receivables during the year. Starting May, 2019 the company has the quality of associated member, together with other companies, of the Romanian National Committee for the Oil International Committee (RO, CNR-CMP) with contribution in amount of 100 RON.

The company also holds the participation to the share capital of the Register Independent Monitor in amount of 5,000 RON.

In the financial assets there are being included also non-current receivables in amount of 805,498 RON at 31.12.2019, which are being made up of returnable guarantees paid by the Company related to various leased land surfaces.

8. Stocks

| Name | Consumables | Services in progress | Waste products | Total stocks |
|---|--------------------|----------------------|--------------------|---------------------|
| Gross accounting value at January 1,2019 | 5,847,940 | 1,079,048 | 3,379,336 | 10,306,324 |
| Impairment for stocks depreciation | (986,824) | | - (151,071) | (1,137,895) |
| Net accounting value at January 1,2019 | 4,861,116 | 1,079,048 | 3,228,265 | 9,168,429 |
| Stocks inputs during the period | 7,502,354 | 1,193,309 | 1,451,791 | 10,147,454 |
| Consumption/output of stocks during the period | (7,684,002) | (1,079,048) | (2,638,232) | (11,401,282) |
| | 141,534 | | - 113,726 | 255,260 |

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(All amounts are expressed in LEI, if not otherwise indicated)

| | | | | |
|--|------------------|------------------|--------------------|------------------|
| Net accounting value at December 31, 2019 | 4,821,002 | 1,193,309 | 2,155,550 | 8,169,861 |
| Difference | (40,114) | 114,261 | (1,072,715) | (998,568) |

| Name | Consumables | Services in progress | Waste products | Total stocks |
|---|--------------------|----------------------|--------------------|---------------------|
| Gross accounting value at January 1, 2019 | 6,431,393 | 525,025 | 3,025,984 | 9,982,402 |
| Impairments for depreciation of stocks | (872,933) | | (85,264) | (958,198) |
| Net accounting value at January 1, 2019 | 5,558,460 | 525,025 | 2,940,720 | 9,024,204 |
| Stocks inputs during the period | 7,088,297 | 1,079,048 | 2,585,398 | 10,752,744 |
| Consumption/output of stocks during the period | (7,671,751) | (525,025) | (2,232,046) | (10,428,822) |
| | | (113,890) | - | (65,807) |
| | | | (179,697) | |
| Net accounting value at December 31, 2019 | 4,861,116 | 1,079,048 | 3,228,265 | 9,168,429 |
| Difference | (697,344) | 554,023 | 287,545 | 144,225 |

The stocks are made up of materials, spare parts, residual products and other materials that are to be used when performing the company's core business, security and intervention stocks meant for the potential provoked technical accidents. In the stocks are also contained residual products (recoverable) occurred following the pipelines replacement works and fixed assets scrapping.

The company registers in the ongoing services the cost of the services non-receptioned by the beneficiary up to the end of the period, at the expense of the revenues related to services in progress.

9. Trade liabilities and other liabilities

At December 31, 2019 and December 31, 2018 the trade receivables and other receivables are the followings:

| | December, 31 | December, 31 |
|--|---------------------|---------------------|
| | 2019 | 2018 |

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | |
|---|-------------------|-------------------|
| Clients | 39,276,991 | 37,830,093 |
| Impairments for depreciation receivables | (341,524) | (716,044) |
| Other trade receivables | 283,838 | 308,268 |
| Subtotal trade receivables (net value) | 39,219,305 | 37,422,317 |
| Other receivables | 6,424,129 | 9,553,936 |
| Adjustments for the depreciation of other receivables | (3,394,734) | (3,820,630) |
| Subtotal other receivables (net value) | 3,029,395 | 5,733,306 |
| Total receivables | 42,248,700 | 43,155,623 |

The structure of clients on activities reveals the followings:

| | December, 31 2019 | December, 31 2018 |
|--------------------------------------|----------------------|----------------------|
| Clients - transport activities | 38,623,179 | 36,816,552 |
| Other clients - auxiliary activities | 653,812 | 1,013,540 |
| Total | 39,276,991 | 37,830,093 |

The trade receivables are not interest bearer and have an average proceeds duration of 29 days.

The main receivables in the balance sheet at December 31, 2019 are due by: OMV PETROM S.A. - 34,405,183 RON (December 31, 2018: 32.003.643 RON) and Petrotel Lukoil S.A.- 4.170.733 RON (December 31, 2018 4,211,228 RON)

The transport services supply performed by the clients have a significant share (over 98%) in the company's turnover.

The main client of the Company, OMV PETROM S.A, hold appropriately 81% of the total receivables on short-term at December 31, 2019.

Other receivables in amount of 6,424,129 RON include mainly: amounts to be recovered from various natural and legal persons, the majority in litigation pending before the law courts (1,698,411 RON, namely 26.44%), VAT non-exigible related to the invoices unarrived up to 31.12.2019 (1,268,671 RON, namely 19.75%), amounts to be recovered from the budget representing allowances for the medical leaves (872.007 RON, namely 13.58%), as well as the

interest to be proceeded related to the deposits with maturity under three months (836.548 RON, namely 13.03 %).

Impairments for the depreciation of the trade receivables are being registered for uncertain clients, in litigation or insolvency, presenting non-collection risk. At December 31, 2019 the value of these impairments amounts to 3,394,734 RON, decreasing by 425,896 RON as compared to December, 2018.

The impairments for the depreciation of other receivables are being registered for the debits related to the legal files pending before the law courts, fines paid and under appeal proceedings. At December 31, 2019 the value of these impairments is in amount of 3,394,734 RON, decreasing by 425,896 RON compared to December 31, 2018.

The Company' registers impairments for loss of values in quantum of 100% of the value of the receivable for the clients in litigation, in insolvency, in bankruptcy and for other debts related to the established legal files or the fines facing challenge procedure.

Seniority-related statement of receivables

Trade receivables

| | December, 31 | December, 31 |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Clients, of which: | 39,276,991 | 37,830,093 |
| <i>Receivables not reaching maturity</i> | 38,885,905 | 37,016,470 |
| <i>Depreciated receivables</i> | 341,524 | 716,044 |
| <i>Outstanding and undepreciated receivables, out of which:</i> | 49,562 | 97,579 |
| outstanding less than 30 days | 48,275 | 91,282 |
| outstanding between 30 and 60 days | 0 | 1,657 |
| outstanding between 60 and 90 days | 0 | 297 |
| outstanding between 90 and 270 days | 1,287 | 4,343 |
| Other trade receivables, of which: | 283,838 | 308,268 |
| <i>Non-depreciated receivables</i> | 283,838 | 308,268 |

Other receivables

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | December, 31 | December, 31 |
|------------------------------------|------------------|------------------|
| | 2019 | 2018 |
| <i>Non-depreciated receivables</i> | 3,029,394 | 5,733,306 |
| <i>Depreciated receivables</i> | 3,394,735 | 3,820,630 |
| Total | 6,424,129 | 9,553,936 |

10. Cash and cash equivalents

At December 31, 2019 and December 31, 2018 the cash and cash equivalents reveal the followings:

| | December, 31 | December, 31 |
|---|--------------------|--------------------|
| | 2019 | 2018 |
| Current bank accounts | 6,899,866 | 5,843,515 |
| Bank deposits with maturity \leq 3 months | 231,666,573 | 253,818,238 |
| Cash in the register | 10,512 | 17,061 |
| Other cash equivalents | - | 3,540 |
| Total | 238,576,951 | 259,682,354 |

At December 31, 2019 the cash and cash equivalents have increased 8.1 % YoY, (238.6 mRON compared to 259.7 mRON) due to cash outputs for the payment of additional dividends, out of the retained earnings and reserves- own sources of financing and for covering the increase of payments related to the operating activity, generated by the increase of the prices with goods and services and augmentation of the personnel salaries.

Cash includes the available quota for the modernization, amounting to 152,020,560 RON

The cash representing the modernization quota has a special regime, provided in GD no. 168/1998, this being destined exclusively to the financing of the modernization works and development works related to the goods belonging to the public domain.

11. Equities

Share capital

During the reporting period, the share capital of the company has not changed, remaining at the value of 28,569,842 RON, being divided into 8,657,528 ordinary shares with a nominal value of 3.3 RON/share and corresponds to the one registered at the Trade Register Office.

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| Shareholding | December 31, 2019 | | | December 31, 2018 | | |
|--|-------------------|-------------------|-------------|-------------------|-------------------|-------------|
| | Number of shares | Amount (RON) | (%) | Number of shares | Amount (RON) | (%) |
| The Romanian State by the Ministry of Energy | 5,083,372 | 16,775,128 | 58.7162 | 5,083,372 | 16,775,128 | 58.7162 |
| Legal persons | 2,361,896 | 7,794,256 | 27.2814 | 2,481,740 | 8,189,742 | 28.6657 |
| Natural Persons | 1,212,260 | 4,000,458 | 14.0024 | 1,092,416 | 3,604,972 | 12.6181 |
| Total | 8,657,528 | 28,569,842 | 100% | 8,657,528 | 28,569,842 | 100% |

Legal reserves

At December 31, 2019 the value of the legal reserve is 5,713,968 RON (December 31, 2018 5,713,968 RON). The company has distributed out of the profit the legal reserve of 20% from the share capital as per EGO no.64/2001, Law no. 571/2003, Law no.31/1990 and the Articles of Association.

Other reserves

At December 31, 2019, Other Reserves are in amount of 495,540,772 RON.
Other Reserves are in amount of 495,540,772 RON.

Other reserves has decreased by the amount of 551,573 RON in 2019 resulting mainly from: the decrease of the reserves - own sources of financing following the distribution of a quota of 35% as dividends (1,105,807 RON); the decrease of the reserve representing the modernization quota by 1,017,356 RON and the increase of the related reserves by 1,119,275 RON.
The reserve related to the modernization quota is in amount of 457,924,469 RON and hold the major part of share in total other reserves (92.41%).

Revaluation reserves

At December 31, 2019 in the statement of the financial standing the reserves out of revaluation are being presented at net value of 21,111,893 RON, resulting after the reduction of the gross value with the deferred income related directly recognized in the equities, as per IAS 12.

Retained earnings

At December 31, 2019 the retained earnings is in amount of 43,997,162 RON and comprises:

- The retained earnings representing actuarial loss from the discounting of the benefits granted on retirement 983,674 RON
- The retained earnings representing surplus out of revaluation reserves: 4,399,439 RON
- At December 31st, 2018, a major share in the Retained earnings is held by the retained earnings derived from the first adoption of IAS 29 relating to fixed assets representing oil operating product tangible assets: 41,818,297 RON
- The retained earnings representing loss generated by the correction of the accounting errors: 117,625 RON
- The reinvested net profit triggering the corporate tax exemptions, as per the provisions of Art. 22 of Law no.227/2015 on the fiscal Code, further amendments and completions in amount of 1,119,275 RON, distributed at own financing sources.

Profit of the year

The year's profit is of 58,876,719 RON at December 31, 2019 (December 31, 2018 60,676,014 RON).

The proposal of net profit distribution at December 31,2019

Along the year 2019 the dividends have not been distributed based on the interim financial statements.

The net accounting profit registered by CONPET S.A. at December 31, 2019 for which is being proposed the distribution, reinstated with the provision related to employees share of profit is of 65,317,598 RON.

The proposal of distribution on legal destinations of the accounting profit remaining after the corporate tax deduction at December 31, 2019, in amount of 65,317,598 RON is the following:

| Crt.no. | Destination | Amount (RON) | Item weight in total |
|---------|---|--------------|----------------------|
| A | The accounting profit remaining after the corporate tax deduction, reinstated with the provision related to the employees share of profit | 65,317,598 | 100,0% |
| a) | Other reserves representing fiscal facilities provided by the law- | 1,119,275 | 1,7% |
| b). | Employees share of profit | 6,440,879 | 9,9% |
| c) | Dividends due to shareholders | 57,757,444 | 88,4% |

The retained earnings representing excess achieved out of revaluation reserves in amount of 4,399,439 RON is proposed to be distributed for covering the loss from the retained earnings and for the distribution as dividends due to the shareholders, as follows:

| Crt.no. | Destination | Amount (RON) |
|----------|---|------------------|
| B | The retained earnings representing excess achieved out of revaluation reserves , distributed for: | 4,399,439 |
| a | The coverage of the retained earnings representing actuarial loss from the discount of the benefits grant on retirement | 983,674 |
| b). | The retained earnings generated by the correction of the accounting errors | 117,625 |
| c) | Dividends due to shareholders | 3,298,140 |

12. Accrued revenues

The accrued revenues has decreased by the amount of 114.246 RON as compared to the beginning of the reporting period, namely from 1.188.338 RON to 1.074.092 RON.

13. Trade Liabilities and other Liabilities

At December 31, 2019 and December 31, 2018, the trade receivables and other receivables look as follows:

| Liabilities | 31 December 31st, 2018 | Tuesday, December 31, 2019 | Maturity term for the balance at December 31st, 2019 | | |
|--|------------------------------|----------------------------------|---|--------------|--------------|
| | | | Under 1 year | 1-5 years | Over 5 years |
| Trade liabilities | 20,047,043 | 27,179,134 | 27,179,13 4 | - | - |
| Other liabilities, here included fiscal debts | 40,485,367 | 45,497,209 | 41,914,85 8 3,582,351 | - | - |

**and social insurances
related debts**

| | | | | | |
|--------------|-------------------|-------------------|------------------|------------------|----------|
| Total | 60,532,410 | 72,676,343 | 69,093,99 | 3,582,351 | - |
|--------------|-------------------|-------------------|------------------|------------------|----------|

The goods and services suppliers for the operation activity are being mainly represented by: SNTFM CFR Marfa, OMV Petrom S.A., Tinmar, Edenred Romania S.R.L., CEZ Vanzare, Premier Energy, OMV Petrom Marketing, Prodial Tour, Signal Iduna Asigurare Reasigurare, Dinamic Consult, Envirotech, Mol Romania Petroleum, Orange Romania, Octavsvi Tour, Corel 33 All Prod, Service Faur, Director Special Troops, Afer Bucuresti. The value of acquisitions from the suppliers destined to the operation activity, in 2019, has a share of 59.26% in total procurement.

The value of assets purchases in 2019 holds a share of 40.74% in total procurement.

The statement of the personnel -related debts, fiscal debts and other maturity date debts look as follows:

| Liabilities | 31 December 31st, 2018 | December 31, 2019 | Maturity term for the balance at Tuesday, December 31, 2019 | | |
|--|---------------------------------------|------------------------------|--|-------------------------|-------------------------|
| | | | Under 1 year | Over 1 years | Over 5 years |
| Salaries and assimilated debts | 5,164,346 | 5,897,321 | 5,897,321 | - | - |
| Salaries contributions | 4,986,545 | 5,360,849 | 5,360,849 | - | - |
| Ordinary Corporate Tax | 3,786,286 | 3,076,456 | 3,076,456 | - | - |
| Royalty due to the State Budget | 7,901,592 | 8,059,150 | 8,059,150 | - | - |
| VAT payable | 3,561,409 | 3,073,760 | 3,073,760 | - | - |
| Other taxes and liabilities - State Budget | 885,327 | 980,693 | 980,693 | - | - |
| Dividends payable | 13,920,113 | 13,410,903 | 13,410,903 | - | - |
| Leasing-related debts | - | 5,469,234 | 1,886,883 | 3,582,351 | - |

| | | | | | |
|-------------------|-------------------|-------------------|-------------------|------------------|---|
| Other liabilities | 279,749 | 168,844 | 168,844 | - | - |
| Total | 40,485,367 | 45,497,209 | 41,914,858 | 3,582,351 | - |

At 31.12.2019 the dates related to leasing contain future payment obligations related to financial leasing concluded for the 30 vehicles necessary for the performance of the activities specific to the company (note 5), as well as debts regarding the rights of use recognized for the lease contracts and concession of various lands, buildings and rail tanks for the transport of oil products (note 6).

The debts regarding the rights of use have been assessed at the value of lease/royalties payments on the remaining contractual period, updated with the loan rate for real estate credits.

The breakdown of the leasing-related debt on exigibility terms reveals the followings:

| | Under 1 year | Over 1 years | Total |
|--|---------------------|---------------------|------------------|
| Future payment obligations related to the financial leasing | 501,254 | 1,626,351 | 2,127,605 |
| Future payment obligations related to the rights of use of various goods | 1,385,629 | 1,956,000 | 3,341,629 |
| Total future payment obligations related to leasing | 1,886,883 | 3,582,351 | 5,469,234 |

14. Provisions

| | December, 31 2019 | December 31, 2018 |
|---|------------------------------|------------------------------|
| Provisions for litigations | 6,481,556 | 4,719,029 |
| Provisions for employees' benefits | 27,558,335 | 22,707,083 |
| Other provisions for risks and expenses | 5,466,472 | 429,035 |
| Total | 39,506,363 | 27,855,147 |
| <i>Long-term provisions</i> | 16,268,908 | 14,760,148 |
| <i>Short-term provisions</i> | 23,237,455 | 13,094,999 |

Provisions for litigations

| | December, 31 | December |
|--|---------------------|------------------|
| | 2019 | 31, 2018 |
| In detail, the provisions for litigations are: | | |
| Litigations for civil compensations | 3,152,007 | 3,348,725 |
| Litigations for non-observance by third-parties of certain contractual clauses | 46,214 | 46,214 |
| Other litigations | 3,283,335 | 1,324,090 |
| Total | 6,481,556 | 4,719,029 |

The company is involved into various litigations for compensations claimed by various owners, natural and legal persons. Besides the compensations, they request either the payment of an annuity following the exercise, by the Company, of the legal easement right on the lands owned by the claimants, or by the retirement of the pipelines and installations to be found on lands thereof.

Following the restitution of their property rights, they are bringing proceedings in Court against the Company, invoking the lack of land use due to the fact that the latter are being crossed by the crude oil transport pipelines belonging to the public domain.

At 31.12.2019 are registered provisions regarding the litigations for civil compensations in amount of 3.152.007 RON, decreasing by 196.718 RON as compared to the amount thereof registered at 31.12.2018.

During the year were registered provisions for new litigations opened during the period or were updated the necessary amounts for the settlement of potential obligations related to the litigations opened in the previous period.

At 31.12.2019 the position "Other litigations" is in amount of 3.283.335 RON, increasing by 1.959.245 RON as compared to 31.12.2018.

The increase is mainly due to the update of the provision established for the use by Conpet of a land, held in property by Ploiesti Municipality, on which are being placed Conpet buildings composing Vointa Sports Club. Ploiesti Municipality has formulated an application for summons and has required the consideration of the lack of use and the rent of the land starting March 2013 and up to the completion of a contractual form with the company Conpet (file no.1747.105.2019 pending before Prahova Law Court). The lack of use of the land is estimated by the technical appraiser specialized in evaluation of real estate, Mustatea Dragos Cosmin, designated by the

court to perform technical expertise in file no.1474/105/2019. The updated value of the provision at 31.12.2019 is of 1,912,389 RON.

In the position “Other litigations” is being included also the provision established for the litigation opened during 2018 by Fondul Proprietatea, by which it is required the payment of the net value of dividends for the financial year 2006, related to a quota of 6% held by the plaintiff in the share capital of CONPET S.A., as well as the legal interest calculated for the required amount, starting the date of the maturity thereof. The present value of the provision at 31.12.2019 is of 1,368,326 RON.

Provisions for employees' benefits

At December 31, 2019 the company includes at this chapter mainly the provision for benefits granted upon retirement and the provision for employees share of profit.

The biggest share in the provisions for employees benefits is held by the *provision for benefits granted upon retirement*, in amount of 16,892,477 RON, of which 16,268,908 RON represent long-term obligations and 623,659 RON represent short-term obligations.

This provision was registered under the Actuarial Report drafted by the Company GELID ACTUARIAL COMPANY S.R.L. Bucureşti based on the services supply contract concluded with CONPET S.A.

As per the Labor Contract in force, the company must pay the employees upon retirement a benefit equal with a certain number of salaries, according to seniority and work history in the company.

The discount value of the provision was determined by using the Projected Unit Credit Method (IAS 19). The benefits upon retirement received by an employee have been primarily augmented by the value of the employer's contributions and, afterwards, each benefit was discounted considering the employees rotation, dismissals and survival probability until retirement. The number of years until retirement was calculated as difference between the retirement date and the reporting date. The forecasted average of the remaining working period was calculated based on the number of years until retirements, considering the rate of dismissals, the personnel fluctuation rate and the survival probability.

The main actuarial hypothesis used for the calculation at December 31, 2019 were the followings:

- a) The discount rate. The were used the following values: the estimated rate of the inflation on long term 2% p.a., the real long-term estimated yield of the government bonds on long term 2,05% p.a., the first liquidity for Romania 0%, balance forward rate 4,05% p.a.

- b) The rate of the estimated inflation based on the statistics issued by the National Institute of Statistics and BNR prognosis is of 3.1% in 2020, 3.1% for 2020, linear decreasing down to 2.5% along 2021-2025, 2.5% during 2025-2030 and tracking a decreasing trend in the following years.
- c) The increasing rate of the monthly gross average salary per company. It was estimated an indexing of the monthly gross average salary per company by 3.1% for the year 2020, by 2.9% for the year 2021, by 2.8% for 2022. For 2023 and the following years was estimated an annual increase of the monthly gross average salary per company of inflation forecasted for 2018. For the year 2019 and the following years was estimated an annual increase of the monthly gross average salary per company by the annual rate of inflation.
- d) The mortality rate among the employees is based on the Mortality Scorebord of the Romanian population 2013 (men and women) issued by The National Institute of Statisticcis

In 2018, the dynamics in the provision for the benefits upon retirement granted to the employees is being presented in the chart here- below:

| January 1, 2019 | 15,310,087 |
|---|-------------------|
| out of which: | |
| short term | 549,939 |
| long term | 14,760,148 |
| Interest cost | 770,439 |
| Cost of current service | 104,030 |
| Payments for provisions during the year | (463,120) |
| Actuarial loss related to the period | 1,171,041 |
| Cost of the past service | - |
| December 31, 2019 | 16,892,477 |
| out of which: | |
| short-term | 623,569 |
| long-term | 16,268,908 |

The provision related to the employees share of profit is being established based on the provisions of Ordinance no.64/2001 and MPFO no.144/2005. The Ordinance no.64 from August 30, 2001

set out the accounting profit remaining after the deduction of the corporate tax to the majority or entirely state-owned companies to be distributed within the limit of 10% of the net profit, but no more than the level of a monthly average basic salary at the level of the economic agent, in the reference financial year. The provision for the employees share of profit in 2019 amounts to 6,440,878 RON, to which is being added the amount of 144,920 RON related to the precautionary labor contribution.

Within the provisions related to employees benefits was also contained the provision for the untaken leaves, which at 31.12.2018 amounts to 1,476,057 RON.

There have been established provisions for the allowances awarded to the members of the Board of Administration and the directors, as per the mandate contracts and the EGO provisions no.109/2011 on the corporate governance, here included the related contributions, as follows:

- 128,440 RON represents provision for the annual leaves untaken by the directors with mandate contracts, related to the years 2017-2019.
- 2,405,611 RON represents provisions for the variable component related to 2019, of which 1,118,460 RON, provision for the allowances granted to the members of the Board of Administration and 1,287,151 RON provision for the allowances granted to the directors.

Other Provisions

At December 31, 2019 the balance of the position "Other provisions" in amount of 5,466,472 RON is made up of: the provision established at the level of the gain resulting from the capitalization of the pipelines recovered following the replacement works (repairs/modernizations) performed to the National Transport System in amount of 5,154,122 RON (value established as per the Control performed by the Court of Auditors and completed in March 2020, provisions for environmental expenses in amount of 147,957 RON and other provisions in amount of 164,393 RON.

15. Ordinary and Deferred Corporate Tax

The expense related to current and deferred corporate tax of the company in 2019 and in 2018 is being determined to a statutory rate of 16%.

| | December, 31 | December, 31 |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| | 12,958,609 | 12,759,911 |

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | |
|---|-------------------|-------------------|
| Expenditure with /(revenues from) deferred corporate tax | (2,131,499) | (1,744,942) |
| Total | 10,827,110 | 11,014,969 |

Reconciliation of the effective tax rate:

| | December, 31 | December, 31 |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Profit before taxation | 69,703,829 | 71,690,983 |
| -Corporate tax at a statutory rate of 16% | 11,152,612 | 11,470,557 |
| Effect on the corporate tax of: | | |
| -Non-deductible expenses | 4,087,911 | 2,650,098 |
| -Non-taxable income | (2,300,897) | (1,649,125) |
| -Elements similar to revenues | 838,906 | 1,019,298 |
| -Elements similar to expenses | (850) | (836) |
| - Exempted Corporate Tax | (179,084) | (229,406) |
| Amounts representing sponsorship under the Law | (684,075) | (536,396) |
| -Specific tax | 44,086 | 35,721 |
| Expenses with ordinary corporate tax and other taxes | 12,958,609 | 12,759,911 |

The dynamics table related to the deferred taxes during the period January-December 2019 reveals the followings:

| Explanations (type of temporary difference) | Net value at January, 1 2019 | | Net accounting value at December 31, 2019 | |
|--|---|--|--|---|
| | | | Receivables related to the deferred corporate tax | Debt related to the deferred corporate tax |
| | | | | |

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(All amounts are expressed in LEI, if not otherwise indicated)

| | | | | |
|--|-------------|-----------|-------------|------------------|
| Tangible assets revaluation | (1,344,841) | 923,648 | 3,394,857 | (3,816,050) |
| Provisions | 3,701,779 | 1,582,190 | 5,283,969 | - |
| Impairments of current assets | 690,214 | (130,531) | 559,683 | - |
| Deferred corporate tax before offset | 3,047,152 | 2,375,307 | 9,238,509 | (3,816,050) |
| Offset receivable/debt | | | (3,816,050) | 3,816,050 |
| Net deferred corporate tax (receivable) | | | | 5,422,459 |

The deferred tax payable at 31.12.2018 amounts to 3,816,050 RON and is recognized at the expense of the equities elements and the deferred tax recoverable recognized in the statement of the global result is of 9,238,509 RON.

The net amount of the deferred tax stands for defereed corporate tax recoverable in amount of 5,422,459 RON.

16. Result per share

The result per share within the last two years is:

| | December 31, 2019 | December 31, 2018 |
|--|----------------------|----------------------|
| Profit of the year | 58,876,719 | 60,676,014 |
| The number of ordinary stocks at the beginning and the end of the period | 8,657,528 | 8,657,528 |
| Basic and diluted earnings per share (RON/share) | 6.80 | 7.01 |

17. Operating Revenues

a) Turnover-related Revenues

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(All amounts are expressed in LEI, if not otherwise indicated)

| | December, 31 | December, 31 |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Revenues from transport services Import Subsystem: | | |
| Revenues from transport services Domestic Subsystem | 402,017,178 | 380,578,849 |
| Revenues from transport services Domestic Subsystem | 295,631,981 | 290,158,582 |
| Revenues from rents | 106,385,197 | 90,420,267 |
| Other revenues included in the turnover | 1,593,145 | 1,483,157 |
| Total turnover revenues | 407,822,341 | 385,140,170 |

Transport revenues are achieved from the services supplied to clients for the transport of the crude oil, rich gas and condensate volumes at the tariffs approved by Order of the President of the National Agency for mineral Resources.

In 2019, the transported volumes per subsystems, as compared to the same period of the previous year, are the followings:

| | December, 31 | December 31, |
|--------------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Domestic Subsystem | 3,487,317 | 3,492,613 |
| Import Subsystem | 3,637,426 | 3,362,335 |
| Total quantities (tons) | 7,124,743 | 6,854,948 |

The total volume of transported products has increased by 3,9% in 2019 as compared to the previous year, given the decrease by 0.2% of the quantity transported on the domestic transport subsystem and the increase by 8.2% of the quantity transported on the import subsystem.

The tariffs applied for the import transport subsystem vary according to the installment of transported quantity, being practiced the bracketing tariff model and the refinery- the hand-over site.

In 2018 and 2019 the following tariffs have been applied:

Tariffs for transport services on the Domestic Subsystem:

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(All amounts are expressed in LEI, if not otherwise indicated)

| Period | Transport tariff (RON/ton) | Approved by Order NAMR no. |
|-----------------------------------|-------------------------------|-------------------------------|
| January 01, 2018 – June 18, 2018 | 79,75 | 32/2016 |
| June 19, 2018 – December 30, 2019 | 84,37 | 117/2018 |
| Starting December 31, 2019 | 87,53 | 427/2019 |

Revenues from transport services on Import Subsystem:

| Period | Installments | Arpechim Refinery | Ploiesti Basin (Petrobrazi and Petrotel Lukoil refineries) | Petromidia Refinery | Approved by NAMR Order No. |
|---|-------------------------|----------------------|---|------------------------|----------------------------------|
| | Thousand tons/months | RON/ton | RON/ton | RON/ton | |
| January 01, 2018 | < 100 | 38.85 | 38.00 | 8.00 | 32/2016 |
| | >100 | 16.60 | 16.00 | 7.33 | |
| June 19, 2018 - December 30, 2019 | | 38.85 | 38.00 | 27.00*) | 117/2018 |
| | >120 | 16.60 | 16.00 | 24.74*) | |
| Starting December 31, 2019 | < 120 | 40.40 | 39.50 | 15.00 | 427/2019 |
| | >120 | 17.25 | 17.00 | 12.85 | |

*) Starting March 14, 2019 up to December 30, 2019 for the transport relation with Petromidia refinery it was applied a tariff of 14.00 RON/ton for the installment up to 120 thousand tons and 12.00 RON/ton for the installment bigger than 120 thousand tons (approved by NAMR Order no.172/2019).

b)

| | December, 31 2019 | December, 31 2018 |
|--|----------------------|----------------------|
| Revenues from consumption modernization quota | 32,097,771 | 28,826,395 |
| Earnings from disposal of assets | - | 63,539 |

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | |
|---------------------------------------|-------------------|-------------------|
| Other revenues | 3,082,694 | 4,680,730 |
| Total other Operating Expenses | 35,180,465 | 33,570,664 |

The revenues from the reserve representing the modernization quota hold 91.24% of other operating revenues, registering an increase of 11.35% as compared to 2018.

On monthly basis the reserve related to the modernization quota is written back to revenues, at the level of amortization of the fixed assets financed out of this source.

18. Operating Expenses

a) Stocks and Utilities Expenses

| | December, 31 | December, 31 |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| Expenses with consumables | 6,060,639 | 5,549,304 |
| Other material expenses | 1,445,374 | 1,375,968 |
| Other expenses with energy and water | 13,088,645 | 11,163,548 |
| Merchandise Expenses | 98,658 | 86,818 |
| Total expenses regarding stocks and utilities | 20,693,316 | 18,175,638 |

b) Personnel expenses

The personnel-related expenses include the expenses with salaries and related contributions, benefits and bonuses granted to the employees and the allowances associated with the contracts of mandate of the directors and the members of the Board of Administration.

| | December 31, 2019 | December, 31 2018 |
|---|------------------------------|------------------------------|
| Salaries expenses | 128,070,012 | 113,577,891 |
| Obligations regarding employees bonuses | 18,120,216 | 14,879,200 |
| Other personnel expenses | 3,155,020 | 3,007,560 |

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(All amounts are expressed in LEI, if not otherwise indicated)

| | | |
|---|--------------------|--------------------|
| Remunerations of the directors with mandate contract and the administrators | 2,859,609 | 1,556,673 |
| Expenses with contributions due by the Employer | | 7,244,306 |
| | 7,696,076 | |
| Total operating expenses | 159,900,933 | 140,265,630 |

The personnel expenses are being detailed as follows:

Salaries expenses

| | December 31,2019 | December 31,2018 |
|---|-----------------------------|-----------------------------|
| Expenses with basis salaries and related benefits | 121,359,896 | 111,031,603 |
| Quarterly premiums | 6,171,739 | 2,043,282 |
| Support for retirement | 463,120 | 457,622 |
| Support for marriage | 75,257 | 45,384 |
| Total salary-related expenses | 128,070,012 | 113,577,891 |

The expenses with basis salaries of the employees and the related benefits have increased in 2019, as compared to 2018, mainly, following salaries indexation in average with 5% as of 01.01.2019 and 300 RON/employess starting 01.10.2019.

Pursuant to the provisions of the Collective Labor Agreement in force, the company has granted the following benefits to its employees: quarterly premiums, retirement supports, marriage supports.

Based on the positive financial results, during 2019 there have been granted to the employees premiums amounting to 6,171,739 RON, as compared to 2,043,282 RON awarded in 2018, falling into the fund approved by the budget.

Obligations related to employees benefits

| | December, 31 | December, 31 |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Employees share of profit | 5,083,747 | 2,969,000 |
| Meal vouchers | 5,117,145 | 5,233,770 |
| Social expenses provided at Art. 25 of Law no. 227/2015 of the Fiscal Code, | 5,668,217 | 4,916,059 |

subsequent amendments and completions

| | | |
|---------------------------|-------------------|-------------------|
| Other expenses as per CLA | 2,251,107 | 1,760,371 |
| Total | 18,120,216 | 14,879,200 |

The value of bonuses granted to the employees has increased in 2019 as compared to 2018, mainly due to the payment of the amounts representing the employees share of profit (in 2018 the amounts representing the employees share of profit amounted to 2,969 thousand RON and in 2019 amounting to 5,084 RON).

As per the provisions of the Collective Labour Agreement in force, the Company has granted the employees benefits as social expenses provided at Art. 25 of Law no. 227/2015 on the Fiscal Code Fiscal consisting of: holiday and treatment vouchers, including the related transport, presents given to the employees, birth grant, funeral and serious diseases, humanitarian grants, and other social expenses as per CLA.

In 2019 were registered increases to the expenses with birth grant, funeral and serious diseases, humanitarian grants as both the number of events and the quantum provided by CLA granted for a part thereof (the increase of the salary average earnings by introducing the contributions to the employee).

Also, in 2019 was registered an increase of the bonuses granted to the employees as gift tickets as compared to 2018, considering framing into BVC.

Other personnel expenses

| | December, 31 2019 | December, 31 2018 |
|---|----------------------|----------------------|
| Expenses with severance payments related to personnel layoffs | 3,155,020 | 3,007,560 |
| Total | 3,155,020 | 3,007,560 |

The position "Other personnel expenses" includes the expenses with severance payments granted as per CLA related to personnel layoffs performed in June and November 2019, namely May and July 2018.

Expenses with the remuneration of the directors with mandate and the administrators

| | December, 31 | December, 31 |
|--|--------------|--------------|
|--|--------------|--------------|

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | 2019 | 2018 |
|---|------------------|------------------|
| Allowance of the directors with mandate | 1,373,180 | 493,307 |
| Allowance of the members of the Board of Administration | 1,486,429 | 1,063,366 |
| Total | 2,859,609 | 1,556,673 |

The expenses related to the allowances associated to the mandate contracts of the directors and the administrators register a decrease as compared to 2018, mainly due to the conclusion of two new mandate contracts: for the Economic Director and the Deputy Director General.

Expenses with contributions due by the Employer

| | December 31, 2019 | December, 31 2018 |
|---|----------------------|----------------------|
| The contribution of the company to the facultative pensions fund | 3,033,858 | 3,002,771 |
| The contribution of the company to the volunteer helath insurance company | 1,515,835 | 1,508,148 |
| Precautionary leabor contribution and other contributions | 3,146,383 | 2,733,387 |
| Total | 7,696,076 | 7,244,306 |

Employees

During 2019, the average number of employees has evolved as follows:

| | December, 31 2019 | December, 31 2018 |
|----------------------------------|----------------------|----------------------|
| Employees with leading positions | 95 | 79 |
| Employees with leading positions | 1,492 | 1,556 |
| Total | 1,587 | 1,635 |

c) Expenses related to external services

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(All amounts are expressed in LEI, if not otherwise indicated)

| | December 31, 2019 | December 31, 2018 |
|--|--------------------------|--------------------------|
| Railway transport expenses | 60,907,554 | 54,440,473 |
| Rentals and royalties expenses | 31,333,432 | 31,288,966 |
| Third-parties pumping expenses | 4,773,525 | 4,748,131 |
| Expenses with maintenance and repairs | 2,540,652 | 1,921,310 |
| Decontamination expenses, environmental factors monitoring | 658,627 | 439,593 |
| Expenses with travels, deployments and transfers | 1,312,205 | 754,584 |
| Expenses with transport of goods and personnel | 49,914 | 64,739 |
| Postal expenses and telecommunication charges | 525,332 | 522,936 |
| Other services performed by third parties | 5,001,440 | 4,877,258 |
| Total Expenses related to external services | 107,102,681 | 99,057,990 |

The royalties and rental expenses contain the oil royalty that represents the amount due by the company, as holder of the oil agreement, to the State budget, under the law, for the use of goods State public property during the oil operations.

They are being calculated as per the Oil Law no. 238/2004, by application of a quota of 10% on the value of the gross revenues achieved out of oil transport operations via the National Transport System.

d) Other expenses

| | December, 31 | December, 31 |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| Taxes, fees and similar levies related expenses | 2,148,829 | 2,122,899 |
| Expenses with compensations, fines and penalties | 121,132 | 76,658 |
| Granted donations (sponsorship) | 684,078 | 536,396 |
| Expenses with environmental protection | 89,480 | 78,690 |
| Modernization quota establishment - related expenses | 31,080,415 | 41,825,050 |

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Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | |
|--------------------------|-------------------|-------------------|
| Other operating expenses | 795,979 | 292,076 |
| Other expenses | 34,919,912 | 44,931,769 |

In 2019 the expenses registered with other taxes, fees and assimilated levies comprise, mainly, the expenses local taxes and expenses with the contribution to the special fund, due based on Law no.448/2006 regarding the protection and promotion of the rights of people with disabilities

The chapter "Other reserves" regarding the modernization quota through other operating expenses, in compliance with the provisions of the GD no. 168/1998 further amendments and with the provisions of the Fiscal Code approved pursuant to Law no. 227/2015, further amendments and updates.

19. Net Financial Result

| | December, 31 | December, 31 |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Interest revenues | 7,853,469 | 4,853,077 |
| Revenues from operations with securities and Other financial instruments | - | 603,682 |
| Other financial revenues | 20,407 | 5,596 |
| Total financial revenues | 7,873,876 | 5,462,355 |
| Expenses regarding interests related to leasing contracts | 253,191 | - |
| Other revenues | 65,046 | 10,790 |

| | | |
|---------------------------------|------------------|------------------|
| Total financial expenses | 318,237 | 10,790 |
| Net Financial Result | 7,555,639 | 5,451,565 |

The financial revenues have increased by 44.15% in 2019 as compared to 2018, and the financial expenses increased by 76.11 % in the current year, as compared to the preceding year, resting at a very reduced level compared to the revenues (4.04% in 2019, namely 0.20% in 2018). Due to this evolution, the net financial result has increased by 38.6% in 2019 as compared to 2018.

20. The Fiscal Framework

The tax and fees returns are subject to revision and correction of the fiscal authorities, generally for a period of five years following the fill-in thereof.

The fiscal legislation in Romania is very heavy and changes permanently according to the internal and external economic-financial context, being regulated by a multitude of normative acts: laws, government decisions for the approval of the norms of application, simple and emergency ordinances, orders, instructions, stipulations, circulars etc.

There is no question of facile approach thereof by the contributors especially because it is being, generally, maintained an abusive practice from the fiscal bodies in what concerns the interpretation of the legal provisions established even by law.

The modernization of the fiscal legislation in Romania does not provide clarity and accessibility in the application of the provisions of the Fiscal Code, by the systematic restructuring of the fiscal norms, as well as of those regarding the fiscal procedure and there still is the risk that the fiscal authorities adopt different stands in relation to the interpretation of these aspects, having as consequence, the calculation of additional liabilities and interests/penalties payments, delay penalties and fines.

By way of Law no. 207/2015 regarding the New Code of Fiscal Procedure, were amended certain principles regarding the interpretation of law, where at the interpretation of the fiscal legislation is being applied the principle *«in dubio contra fiscum»*, meaning in case of doubt regarding the fiscal norm, is being applied the interpretation in favor of the taxpayer.

Still, before considering such interpretation, every public officer must clarify the said test, applying to the legislator's wish and the meaning of the law, verify the point of views expressed in the substantiation notes, statements of reasons (...). Meaning, must be observed the spirit of the law taken as a whole and what was the purpose for creating this law. If and only if, by way of these norms, the meaning of the norm was not clarified, then it is to apply the interpretation rule in favor of the taxpayer, targeting the protection of the taxpayer against abusive enforcement of the Law by the fiscal organ, but also for the improvement of the relation between the fiscal administration and the taxpayer, in order to avoid potential conflicts.

The management considers having recorded, in a proper manner, the fiscal liabilities in the financial statements

21. Engagements and Contingencies

Capital engagements

The company has no other capital engagements granted.

Guarantees granted to third parties

The guarantees granted to third parties are exposed in the table below:

| | December 31, 2019 | December 31, 2018 |
|----------------------------------|------------------------------|------------------------------|
| Non-current receivables (Note 7) | 805,498 | 855,582 |
| Other receivables (Note 9) | 282,465 | 307,942 |
| Total | 1,087,963 | 1,163,524 |

Garanțiiile acordate terților sunt prezentate separat la:

- linia de imobilizări financiare (Nota 7)
- linia de alte creațe cele care vor fi recuperate în termen mai mic de 12 luni (Nota 9)

La finele anului 2019, Societatea nu are în evidență alte angajamente acordate terților.

Received Guarantees

The received guarantees are exposed in the table below:

| | December 31, 2019 | December 31, 2018 |
|---|------------------------------|------------------------------|
| Performance guarantees transferred in the company's accounts | 41,299 | 73,081 |
| Execution bank guarantees received from clients | 28,717,891 | 28,681,735 |
| Execution bank guarantees received from suppliers | 14,614,859 | 10,605,991 |
| Performance guarantees established by the beneficiaries in separate accounts at Conpet discretion | 5,984,039 | 4,764,843 |
| Total | 49,358,088 | 44,125,650 |

Contingencies

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(All amounts are expressed in LEI, if not otherwise indicated)

Charging

Our company believes all due amounts due for fees and taxes have been paid and registered at the balance date.

22. Related Parties

In 2019, the Company has carried out the following procurement from related parties:

Procurement from related parties

| Partner | Unsettled amounts at December, 31 2018 | Procurement (Period 01.01 - 31.12.2019) | Settlements in Period 01.01 -31.12.2019 | Unsettled amounts at December 31, 2019 |
|----------------------|---|--|--|---|
| SNTFM CFR Marfă S.A. | 3,320,405 | 73,016,731 | 71,262,033 | 5,075,103 |

**The amounts are VAT exclusive*

23. Audit Expenses

The Company's Audit for the year 2018 was performed by BDO AUDIT SRL.

By the OGMS Resolution No. 6/30.09.2019 was approved the appointment of the company BDO AUDIT SRL as the financial auditor of the Company, for a three years period (2019, 2020, 2021).

The fees are being set based on the agreement concluded between the two parties. All the paid fees refer to audit services on the individual financial statements prepared in compliance with the International Financing Reporting Standards ("IFRS") and the requirements of the Order of the Ministry of Finance 2844/2016 and to services for the revision of the interim financial statements prepared at the date of June 30, 2019 in compliance with IAS 34.

24. Risks Management

Within CONPET SA the Internal Control Management System has been implemented and developed. Implementation of Standard 8 requirements "Risk Management" was a priority in the organization by documentation and application of provisions of PS-MI-18 "Risk management" system procedure. There were identified, evaluated and centralized risks that may affect the achievement of processes, specific objectives, compliance obligations and significant

environmental aspects. Within CONPET a Register of these risks has developed, with measures for keeping them under control, responsible persons and deadlines for implementation of measures.

Complex processes and activities carried out within Conpet SA may generate risks coming from various areas such as:

(a) Exchange Rate Risk

The company may be exposed to fluctuations of the exchange rate of the currencies by means of cash and cash equivalents, short-term investments, long term loans or trade liabilities expressed in foreign currencies.

The functional currency of the Company is the Romanian Leu (RON). At present, the Company is exposed to the exchange rate risk through cash and cash equivalents, as well as through the procurements made in a currency different from the functional currency. The currencies exposing the Company to such a risk are mainly EUR, USD and GBP. The debts in foreign currency are subsequently expressed in RON, at the exchange rate of the date of the balance sheet, communicated by the Romanian National Bank. The resulting differences are included in the profit and loss account, but do not affect the cash flow up to the moment of the liquidation of the liability.

| December 31, 2019 | Value | RON | EUR | USD | GBP |
|--|--------------------|--------------------|--------------------|--------------|------------|
| Cash and cash equivalents | 238,576,951 | 238,476,349 | 94,576 | 5,598 | 428 |
| Trade receivables and other short-term and long-term receivables | 43,054,198 | 42,921,283 | 132,915 | - | - |
| Monetary debts | | | | | |
| Suppliers/numerous creditors | (32,809,520) | (29,726,810) | (3,082,710) | - | - |
| Net exposure in the statement of the financial position | 248,821,629 | 251,670,822 | (2,855,219) | 5,598 | 428 |

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| December 31, 2018 | Value | RON | EUR | USD | GBP |
|--|--------------------|--------------------|--------------------|---------------|---------------|
| Monetary assets | | | | | |
| Cash and cash equivalents | 259,682,354 | 259,552,684 | 82,475 | 13,018 | 34,178 |
| Short-term investments | - | - | - | - | - |
| Trade receivables and other short-term and long-term receivables | 44,011,204 | 43,726,072 | 285,132 | - | - |
| Monetary debts | | | | | |
| Suppliers/Various creditors | (20,321,868) | (18,486,204) | (1,835,663) | - | - |
| Net exposure in the statement of the financial position | 283,371,691 | 284,792,551 | (1,468,057) | 13,018 | 34,178 |

(b) Credit risk

Credit risk is the risk that the company bear the financial loss due to the failure of contractual obligations by a customer or counterpart to a financial instrument, and this risk results mainly from trade receivables, cash and cash equivalents and short-term investments of the company.

The maximum exposure to the proceeds risk at the reporting date was:

| | December 31, 2019 | December 31, 2018 |
|--|----------------------|----------------------|
| Trade receivables and other receivables on short and long term | 43,054,198 | 44,011,204 |
| Total | 43,054,198 | 44,011,204 |

The Company carries-out trade relations with approved third-parties exclusively on a contractual basis, which justifies the credit financing. The Company's management closely monitor the exposure to the trade credit risk.

The financial assets which may submit the Company to the encashment risk, are mainly the trade liabilities.

The company implemented a series of policies according to which is being provided that the sale of services is being performed by clients with rapid proceeds. The net value of receivables (no depreciation adjustments) represents the maximum amount exposed to the encashment risk.

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

At December 31, 2019 the Company holds cash and cash equivalents in amount of 238,576,951 RON (at December 31, 2018: 259,682,354 RON). The cash is held in banks, among which we recall BCR, Raiffeisen Bank, BRD Groupe Societe Generale, Banca Transilvania, Unicredit Bank, OTP Bank, Piraeus Bank, Credit Europe Bank, Exim Bank, Garanti Bank, Libra Bank etc).

The credit risk related to trade receivables is reduced due to the regular encashment of the transport services. Despite the significant concentrations, the clients base being extremely reduced, the management appreciates that the trade credit risk is reduced.

The statement of the seniority of receivables of the **clients** at the date of drafting the statement of the financial standing is the following:

| | Gross Value December 31, 2019 | Impairment December 31, 2019 | Net values |
|---|--|---|--------------------------|
| | | | December 31, 2019 |
| Not reaching maturity | 38,885,905 | - | 38,885,905 |
| Maturity exceeded between 1-30 days | 48,275 | - | 48,275 |
| Maturity exceeded between 30-60days | - | - | - |
| Maturity exceeded between 60-90 days | - | - | - |
| Maturity exceeded between 90 days-1year | 1,287 | - | 1,287 |
| More than 1 year | 341,524 | 341,524 | - |
| Total | 39,276,991 | 341,524 | 38,935.467 |

| | Gross value December 31, 2018 | Impairment December 31, 2018 | Net value |
|-------------------------------------|--|---|--------------------------|
| | | | December 31, 2018 |
| Not reaching maturity | 37,016,470 | - | 37,016,470 |
| Maturity exceeded between 1-30 days | 91,282 | - | 91,282 |
| Maturity exceeded between 30-60days | 1,657 | - | 1,657 |

The Company CONPET S.A.

Explanatory notes to the interim financial statement at Tuesday, December 31, 2019

(All amounts are expressed in LEI, if not otherwise indicated)

| | | | |
|---|-------------------|----------------|-------------------|
| Maturity exceeded between 60-90 days | 297 | - | 297 |
| Maturity exceeded between 90 days-1year | 4,343 | - | 4,343 |
| More than 1 year | 716,044 | 716,044 | - |
| Total | 37,830,093 | 716,044 | 37,114.049 |

Seniority statement of **other receivables** at the date of preparation of the statement of the financial standing is:

| | Gross Value | Impairment | Gross value | Impairment |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | December 31 2019 | December 31 2019 | December 31 2018 | December 31 2018 |
| Not reaching maturity | 6,424,129 | 3,394,735 | 9,553,936 | 3,820,630 |
| Total | 6,424,129 | 3,394,735 | 9,553,936 | 3,820,630 |

We hereby mention the fact that, for the **non-current receivable under 1 year and advances for services** in amount of 308,268 RON (note 9) have not been performed depreciation impairments as the respective receivables have not reached maturity.

The dynamics in the impairments for the depreciation of receivables of the **clients** were the followings:

| | 2019 | 2018 |
|-------------------------------|----------------|----------------|
| Balance at January 1 | 716,044 | 698,234 |
| Increases during the year | 6,508 | 23,227 |
| Write-backs during the year | (381,028) | (5,417) |
| Balance at December 31 | 341,524 | 716,044 |

The movements in the impairments for the depreciation of **other receivables** were the followings::

| | 2019 | 2018 |
|-----------------------------|-------------|-------------|
| Balance at January 1 | 3,820,630 | 2,752,468 |
| Increases during the year | 90,750 | 1,083,919 |
| Write-backs during the year | (516,645) | (15,757) |

| Balance at December 31 | 3,394,735 | 3,820,630 |
|------------------------|-----------|-----------|
|------------------------|-----------|-----------|

(c) LIQUIDITY RISK

The liquidity risk is the Company's risk to face difficulties in the achievement of the liabilities associated with the financial debts that are being settled in cash or by the transfer of other financial asset. The Company's approach in the liquidity management consists in providing, as much as possible, that it will always dispose of enough liquidities to pay the maturity liabilities, both under normal and stress conditions, without bearing unacceptable losses or endanger the Company's reputation.

The liquidity risk is managed by the Company's management by the application of a permanent insurance policy of liquidities meant to cover the settlement of the due financial liabilities.

| 2019 | Over 1 years | Over 1 years | Over 5 years |
|-------------------|-------------------|-------------------|------------------|
| Trade liabilities | 27,179,134 | 27,179,134 | - |
| Other liabilities | 45,497,209 | 41,914,858 | 3,582,351 |
| Total | 72,676,343 | 69,093,992 | 3,582,351 |

| 2018 | Over 1 years | Over 1 years | 5 years |
|-------------------|-------------------|-------------------|----------------|
| Trade liabilities | 20,047,043 | 19,154,131 | 892,913 |
| Other liabilities | 40,485,367 | 40,485,367 | - |
| Total | 60,532,410 | 59,639,498 | 892,913 |

(d) The Personnel Risk and the Waging System

On December 31st 2018, the structure according to age is not balanced, the age category with the highest rate ratio in the company was the personnel where the age is ranging between 51-60 years old (46.15%), followed by the category where the age is ranging between 41-50 years old (32.83%) and between 31-40 years old (12.32%).

The average age of CONPET personnel is high enough (years old), the advantage being that 53.3% of the personnel has over 20 years of experience in the company, which stands for the stability and professionalism of the company's employees, but also accumulation of knowledge and skills, some take many years of experience to be gained.

However, the risk of personnel in the future is the company to deal with staff shortages due to staff departures experienced natural causes.

The level of this analyzed risk was low; this is a high tolerability risk and for the control thereof have been set medium and long-term measures by way of the personnel policy and the monitoring

of the personnel fluctuations (personnel input/output in/from the company). In this regard, the urgent need of vacant posts occupancy is carefully monitored, according to the needs required by organizational entity, the complexity and diversity of activities, skills needed and the responsibility related posts.

(e) The risk determined by the correlation with the global market

The events on the world financial market bear direct and indirect impact on the evolution of the Romanian economy, fact reflected in the evolution of the Romanian capital market within the last years.

Romania's economy, like any other emerging economy, is sensitive to activity fluctuations at world level.

The political, economic, social events on the world market bear significant impact on the specific economic climate where CONPET is carrying out its business.

(f) Capital Market Risk

The Romanian capital market, when referring to the current state of development, may be included in the frontier market category, markets that present higher risks as compared to the emerging or developed markets. This risk might be determined by fortuity events specific to a frontier market, considered a highly volatile market, particularly in the current global context.

As regards the level of transactions performed or market capitalization, the Bucharest Stock Exchange is being defined as a limited size stock exchange, therefore occurring risks related to the limited liquidity of the market, as well as the high volatility of the price of the traded stocks.

The reduced liquidity of the market may determine the incapacity to buy or sell of shares of the company, without bearing a significant impact on the price of that share, thus generating also a fluctuating evolution of the shares price.

(g) Legislative-related Risks

The frequent amendment of the normative acts, here included those that bear direct impact on CONPET business may trigger risks for the company.

CONPET effort to constantly comply with the legislative requirements facing continuous change may generate significant additional costs and the potential future amendments of the legislative framework may bear side effects on CONPET business and profitability (tax augmentation, introduction of new taxes and fees, reduction or suspension of certain fiscal facilities etc.).

Moreover, a possible increase in the level of the royalty paid for the use of the national Transport System may affect the financial statements and financial projections. An increase of the level of the royalty shall reflect into an augmentation of the transport tariff and, subsequently, the consequences may be seen on two lines: in the decrease of the crude transported quantities and over the pump price of the finite products resulted from the crude oil processing.

An important risk is being represented by the loss of the facility regarding the expenses borne by the Romanian State in order to provide the guard and protection of the pipelines by gendarmes, regulated by GD no. 1107 dated November 14, 2012, which amends and complements GD no. 1468/2005.

(h) Risk of disputes

The Risk related to litigation, which comes from the faulty manner in which the legal status of under/over crossed land by major pipeline transport has been regulated. CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites and the expense be borne by the company.

One of the major risks the company is currently exposed to, as concessionaire of the Crude oil, rich gas, ethane and condensate national transport system drives its sources in the legal regime of the lands under/over crossed by the transport major pipelines instituted pursuant to the provisions of Petroleum Law no. 238/2004. The number of private properties under/over crossed by pipelines is very high and there is a possibility that more and more owners bring proceedings in Court against the Company in order to obtain substantiated compensations based on the simple presence of the pipelines on their lands. Due to the defective way in which the legal regime of the lands under/over crossed by the transport major pipelines has been regulated, CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites (and the expense be borne by CONPET), or be granted annual compensations representing consisting amounts of money. Moreover, even some public authorities have laid claim pecuniary about the presence of components belonging to NTS, on the lands owned or managed by them.

Within the last years, the Company prepared various legislative proposals to amend Law no 238/2004 - Petroleum Law, hoping for a coherent and clear regulation of the legal regime of lands under/over crossed by the transport major pipelines. Essentially, these proposals are based on the following assumptions:

- public property (of the major pipelines) must coexist with private ownership of land, which leads to the conclusion that the state must be acknowledged the exercise free of charge to certain categories of rights real (encumbrances etc.) for the presence of the pipes on the ground;
- CONPET must fully compensate the landowner for any action that would require temporary occupation of land for repair or damage suffered by owners due to damage.

(i) Risk related to the regulation and authorization

Risk related to the regulation and authorization, which is significant given that the company must periodically shall regularly obtain and renew a number of opinions, permits, certifications (for railway shunting activity). The Company is subject to a large amount of regulations in various fields, aspects which sometimes leads to additional costs and delays in the commencement or completion of works, with possible negative effects (such as technical failures followed by loss of product shipped which give rise to sanctions from the authorities).

The core business of CONPET, namely transport via pipelines and railway tanks has a significant environmental impact, which involves obtaining and renewing permits that regulate the activity of the company, obtaining building permits, based on all the necessary permits for work subcontracted from repair and investment programs, permits and certifications (AFER) for railway shunting activity, obtaining the INSEMEX authorization for all sectors etc.

The company's activity is subject to a large amount of regulations in various fields, which, if not respected, can lead to sanction or suspend the operations of the company.

(j) The Market Risk

The Market risk arises from reducing the amount of crude oil transported to the refineries. This makes the utilization of the transport system to be very low.

Following the petrochemical industry restructuring in Romania, the crude oil, condensate and rich gas transported quantities lowered, thing that negatively influenced the system's degree of use.

Given the conditions, by the support of the major stakeholder, the Ministry of Energy and the National Authority for Mineral Resources (NAMR), CONPET pays efforts to identify new opportunities that lead to the increase of the degree of use of the system, nevertheless involving into regional projects started in its business area.

(k) Operational Risks

Operational risk comes from the Degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency) and Escalation of the criminal acts related to pipeline attacks bearing significant impact on the Pipelines National Transport System and environment;

The analyzed level of operational risk associated to the "degradation of the NTS" is large; it is an intolerable risk for which have been set urgent measures to control it, such as the redefinition of the transport infrastructure according to demand-side and identification of new potential beneficiaries of the services delivered by the company.

The results and the company's business may be influenced by specific operational risks, including the following:

- escalation of the criminal behavior of attack to the pipelines with significant impact on the National Transport System via Pipelines and the environment;
- degradation of the National Pipeline Transport System due to the low level of utilization (small quantities, reduced frequency).
- impossibility of railway transport programs exclusively due to the railway operator.

Closing of an oil extraction point attracts each time the start of a procedure for identifying additional opportunities to exploit the NTS.

(I) Environmental-related Aspects

- *Identification of environmental aspects and environmental impact assessment*
- All the activities performed, included in the application domain of SSM
- materials, goods and services that can generate impacts on the environment and are supplied/executed by suppliers/deliverers.
- New projects and developments/modernizations.
- installations / equipment within a working site whose operation has been partially or entirely ceased following conservation, namely closure of the working site and that have generated or may generate impacts on the environment.

Updating the environmental aspects lists and impacts associated thereto, as well as their centralization is performed everytime changes of the following nature occur:

- Technology modification;
- Modernization and introduction of new installations, equipment, use of raw materials, materials;

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(All amounts are expressed in LEI, if not otherwise indicated)

- Occurrence of new requirement, environmental regulations or the amendments of the existing ones;
- decommissioning of installations, equipment.
- conservation/restart, closing the working sites
 - after completion of actions disposed for ASM treatment

Considering the significant environmental aspects identified at company's level, the measures from the inspection reports/memos – authorities, with regards to the compliance with the legal requirements and other applicable requirements etc is being prepared **The Plan of Actions for the achievement of the environmental objectives at the company's level.**

- *Assessments of compliance with legal requirements and other environmental requirements*

The assessment of the compliance with the legal requirements and other requirements applicable to the environmental aspects, was provided by: inspections carried out by environmental authorities (representatives of environment and waste waters central and local authorities), inspections carried out by HSEQ responsible and the personnel of the Environment Authorizations Bureau, internal audits carried out by the internal auditors inside the company. The personnel within the sectors, namely the HSEQ responsible perform scheduled inspections, as per the annual Chart of inspection with regards to the compliance of the legal requirements and other applicable requirements, but also unscheduled inspections as per the attributions of the job description.

The environment and water management authorities are carrying out scheduled audits in CONPET sites, unscheduled and thematic with regards to the observance of the legal requirements and other environmental regulations, not having been found major non-compliances.

In order to check the compliance with the legal requirements, at the level of year 2018 have been recorded 70 inspections.

- *Pollutions bearing significant impact on the environment*

While pumping the crude oil, on the transport pipelines accidental pollutions may occur, triggering the contamination of the geological environment. Therefore, in 2019 there have been reported accidental pollutions in the areas: Oarja (județul Argeș), Cuza Vodă, Năvodari, Poarta Albă (județul Constanța), siloz Biochem (județul Călărași), Imeci (județul Covasna), Țuicanii, Cătunu (județul Dâmbovița), Brazi, Găgeni, Mărginenii de Jos, Ditești, Pietroșani, Măgurele, Ciobani, Băräitaru, supratraversare pârâu Doftănești, Avicola Băicoi, Matița, (județul Prahova), Jilavele, Armășești, Fetești (județul Ialomița), Schela (județul Galați), Mârșa, Găiseni (județul Giurgiu), Cungrea (județul Olt), Botorani (județul Vâlcea), Poieni (județul Teleorman). 2019 expenses for the decontamination of the affected areas reached 627,052.03 RON.

25. Ulterior Events

- Ulterior to the date of 31.12.2019, during 13.01.2020-06.03.2020, the Court of Auditors Prahova has performed an audit mission that had the following objectives: the statement,

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evolution and manner of administration of the public and private patrimony of the state and legality of the achievement of revenues and performance of expenses during 2019.

Following this mission, the external public auditors of the Court of Auditors have issued a control report and have formulated 7 recommendations related to the measures required for removing misconducts found.

- CONPET has elaborated a Plan of Measures for prevention and control of employees contamination with coronavirus (COVID -19), as well as identification of the scenarios regarding ensuring the continuity of the activity at the working sites of the company, given the occurrence of cases of infection with COVID-19.

As of the beginning of this situation, Conpet has taken special protection measures of the employees and limitation of a potential extension of COVID – 19. Therefore, there have been implemented measures of prevention and protection in all the working sites where the employees perform their activities, which include: limitation of visitors access, being allowed only in imperious conditions, on condition they respect the disinfection rules set out at Conpet level, enhancing the actions regarding the hygiene and disinfection of the company's assets, limitation of internal displacements at the work sites, settlement of minimum personnel needed for the good performance of the operations and for ensuring the continuity of the crude oil transport, given the coronavirus outbreak.(Covid-19).

CONPET S.A. is a financially stable company, which has the capacity of rapidly and efficiently implementing all the emergency measures required for the protection of its employees' health, as well as for the safe operation and performance of the transport activity via the Crude oil National Transport System. In the context of Coronavirus outbreak (Covid-19), is being ensured the continuity of the company's business. In what concerns the company's Financial Statements of the company related to 2019, the activity is not affected and the adjustment thereof is not required.

These preliminary financial statements and the related notes, from page 2 to page 57 have been authorized for issue and signed by the company management at March 24, 2020.

Director General

PhD. Eng. Timur-Vasile Chis

Economic Director,

Econ Sanda Toader

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CONPET S.A.

1-3 Anul 1848 St., Ploiești, Prahova County, Postal Code 100559, Romania

Registration: 1350020

Opinion

We have audited the financial statements of CONPET S.A. (the Company), which comprise the statement of financial position as at December 31, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial statements as at and for the year ended 31 December 2019 are identified as follows:

| | |
|----------------------------|-----------------|
| • Net assets/Total equity: | 653,810,356 RON |
| • Net profit for the year: | 58,876,719 RON |

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation”) and Law no. 162/2017 („The Law”). Our responsibilities under those standards and regulations are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IIESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As presented in Note 25, the COVID-19 pandemic involves additional challenges and risks for the Company's operations. The coronavirus pandemic fear and the emergency measures taken by the affected states to reduce its spread will put increasing pressure on the economic environment. The company has already taken specific measures to ensure the health and safety of its employees. Besides the human risk, the pandemic also presents an economic risk for the future operations of the Company. Our audit opinion is not modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Revenue recognition</p> <p>Please see Note 17. a) Turnover</p> <p>Revenue recognition policy is described in Note 3 "Accounting Policies - Revenue Recognition".</p> <p>In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results.</p> <p>The Company's main activity is Oil transport, performed by the Company through the National Transport System of crude oil, condensate and ethane as concessionaire, but also transport performed on railway.</p> <p>Revenue is recorded upon acceptance by the customer of the quantities transported and the transport fees are approved by the NAMR (National Agency for Mineral Resources).</p> | <p>Our audit procedures included, among other:</p> <ul style="list-style-type: none">- Evaluation of processes and controls on the existence and accuracy of the recorded revenues.- Audit procedures for testing that revenues were recorded in the appropriate period.- Testing a sample of receivables by sending direct confirmation letters. |

Other information - Administrators' Report

Administrators are responsible for the preparation and presentation of Other information. The Other information comprise the Administrator's report, including the non-financial representation, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the Administrator's report, which includes the non-financial representation, we read and report whether the Administrators' report is prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 15-19, respectively 39-42 of the accounting regulations in accordance with International Financial Reporting Standards.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion:

- a) The information given in the Administrators' for the financial year for which the financial statements are prepared, is consistent, in all material respects, with the financial statements;
- b) The administrators' Report, including the non-financial representation has been prepared, in all material respects, in accordance with OMFP no. 2844/2016, points 15-19, respectively 39-42, of the accounting regulations compliant with the International of Financial Reporting Standards.

In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We were appointed by the General Shareholders' Meeting on 30 September 2019 to audit the financial statements of the Company for the year ended 31 December 2019, 2020 and 2021. Our total uninterrupted period of engagement is 4 years, covering periods ending 31 December 2016 to 31 December 2019.

We confirm that:

- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
- We have not provided to the Company the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.

Other matters

This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements and the report on the Administrators' Report, or for the opinion we have formed.

For and behalf of BDO Audit SRL

Registered in the Public Electronic Report of financial auditors and audit firms with no. FA18

Partner's name: Vasile Bulata

Registered in the Public Electronic Report of financial auditors and audit firms with no. AF1480

Bucharest, Romania

24 March 2020

Note: This is the English translation of the Romanian version of the auditor's report. In case of any discrepancies the Romanian version will prevail.

Submitted for analysis and endorsement in the BoA meeting dated _____ and approval in the OGMS meeting dated _____

CONPET S.A.

ENDORSED,
The Board of Administration,
by Decision no _____ dated _____

Chairman
of the Board of Administration,
Gheorghe Cristian – Florin

To,

The Ordinary General Meeting of Shareholders

NOTE
on the distribution of the net profit related to the financial year 2019 and of certain amounts out of the reported result

As per Art. 117² of Law no.31/1990 on the companies, republished and Art.15, para (3), letter (h) of the Articles of Incorporation, the Ordinary General Meeting of Shareholders approves the distribution of the profit and sets the gross dividend.

The proposal of distribution of the net profit related to the financial year 2019 and certain amounts out of the retained earnings has been achieved considering:

- *The Government Ordinance no.64/2001 on the profit distribution to national enterprises, national companies and trade companies fully or majority State-owned companies, subsequent amendments;*
- *Order of the Ministry of Public Finances no.144/2005 on the approval of the Clarifications for determination of the amounts subject to profit distribution as per GD no.64/2001;*
- *Law no.227/2015 with regards to the fiscal Code;*

The accounting profit registered by CONPET at December 31, 2019 for which is being proposed the distribution, is of 65,317,598 RON, higher than the net accounting profit in amount of 6,440,879 RON representing the employees share of profit.

At Art. 1, Para (1), Letter e) of the Government Ordinance no.64/2001 is being provided that “*the national enterprises, the national companies and trade companies fully or majority State-owned companies, as well as autonomous administrations that were engaged and established, by the income and expenditure budgets the share of profit obligation, following the services of their employees in relation thereto, may grant these rights within the limit of 10% of the net profit, but no more than the level of an average monthly gross salary achieved at the level of the economic agent, in the reference financial year*”.

As per item 126 of the *Accounting Regulations compliant with the International Financial Reporting Standards*, approved by Order of the Ministry of Public Finances no.2844/2016, the amounts representing the employees share of profit are being recognized in 2019 expenditure, as provision.

Throughout 2019 have not been distributed dividends on quarterly basis, based of the interim financial statements.

Therefore, the proposal with regards to the distribution of the net profit of the year 2019, reintegrated with the provisions for the employees share of profit, as well as of various amounts from the retained earnings, on the destinations provided by the Government Ordinance no.64/2001 is the following:

A. The distribution of the net profit related to the financial year 2019

| Crt. no. | Item | Amount (RON) | GO provisions 64/2001 |
|----------|---|-------------------|------------------------------|
| a | Net profit of the year 2019 | 58,876,719 | |
| b | Employees share of profit - provision | 6,440,879 | |
| A | The net profit, reintegrated with the provision related to employees share of profit (a+b), distributed for: | 65,317,598 | |
| c | Other reserves representing fiscal facilities provided by law - reinvested profit (account 1068) | 1,119,275 | art. 1, para. (1), letter b) |
| d | Employees share of profit | 6,440,879 | art. 1, para. (1), letter e) |
| e | Dividends due to shareholders | 57,757,444 | art. 1, para. (1), letter f) |

Mentioning on the distributed amounts:

- the employees share of profit amounts to 6,440,879 RON, namely 9.86% of the net profit, reintegrated with the provisions related to employees share of profit. The amount representing the employees share of profit was established considering the dispositions of Art.1, Para (1), Letter e) of the Government Ordinance no.64/2001.
- other reserves representing fiscal facilities provided by law, in amount of 1.119.275 RON, namely 1.71% of the net profit reintegrated with the provision for the employees share of profit, stand for the amount of the reinvested profit for which it was granted corporate tax exemption during 2019, as per art.22 of Law no.

227/2015 on the Fiscal Code.

- the difference of 57,757,444 RON, namely 88.43% of the net profit, reintegrated with the provision for the employees share of profit, is being proposed to be distributed as dividends due to the shareholders.

Amounts to legal reserves have not been distributed as they are being currently established within the limit of the quota of 20% of the share capital, as per the provisions of Art.183, Para (1) and (2) of Law no.31/1990 on enterprises subsequent amendments and completions.

Gross dividend/share

Considering that:

- the dividends due to shareholders, as per the 2019 profit distribution proposal amount to 57,757,444 RON;
- the dividends are being distributed to the shareholders proportionally with the stake in the share capital, and
- at 31.12.2019 the company's share capital is of 28,569,842 RON, divided in 8,657,528 ordinary, nominative, indivisible shares, with a nominal value of 3.3 RON,

results a value of the gross dividend of **6.67135515 RON/share**.

B. The distribution of the retained earnings representing surplus achieved from revaluation reserves

| Crt. no. | Item | Amount (RON) | GO provisions no.64/2001 |
|----------|---|------------------|------------------------------|
| B | The retained earnings representing surplus achieved from revaluation reserves, distributed for: | 4,399,439 | |
| a | Coverage of the retained earnings representing actuarial loss from the update of the benefits granted upon retirement | 983,674 | art. 1, para. (1), letter c) |
| b | Retained earnings arising from the correction of accounting errors | 117,625 | art. 1, para. (1), letter c) |
| c | Dividends due to shareholders | 3,298,140 | art. 1, para. (1), letter f) |

Gross dividend/share

Considering that:

- the dividends due to the shareholders, as per the proposal of distribution of the retained earnings representing surplus achieved from revaluation reserves amount to 3,298,140 RON;
- the dividends are being distributed to the shareholders proportionally with the stake in the share capital, and
- at 31.12.2019 the company's share capital is of 28,569,842 RON, divided in 8,657,528 ordinary, nominative, indivisible shares, with a nominal value of 3.3 RON,

results a value of the gross dividend of 0.38095632 RON/share.

Common Provisions

The dividends are due to the shareholders holding shares at the registration date approved by the Ordinary General Meeting of Shareholders convened for the date of **29/30.04.2020**.

The provisions of art. 86 Para (1) of Law no. 24/2017 regarding the issuers of financial instruments and market operations related to the capital market show that "By derogation from the provisions of Law no.31/1990, the date when takes place the identification of the shareholders who are to benefit from dividends or other rights and who fall under the effects of the ordinary general meeting of shareholders shall be established by the latter. This date shall be at least 10 working days ulterior to the date of the general meeting of shareholders."

We hereby propose the approval of the date of **June 11, 2020** as **registration date**, namely of identification of the shareholders falling under the effects of the ordinary general meeting of shareholders.

Dividends Payment Date

The dividends payment date will be the limit date permitted by the law, no more than 15 working days ulterior to the registration date settled by the General Meeting of Shareholders (Art.178 of ASF Regulation no.5/2018).

Considering that:

- the company, as per the provisions of Art.1 Para (3) of GO no.64/2001, is bound to pay the dividends due to the shareholders within **60 days** from the legal term of submission of the annual financial statement, and
- the term for the submission of the annual financial statements, as per the Order of the Ministry of Public Finances no.10/2019 is of..." 150 days from the completion of the financial year..."

We hereby propose the settlement, by the OGMS, **of the date of dividends initiation payment date as June 25,2020.**

The net value of dividends will be calculated as follows:

- The dividends gross value related to each shareholder will be calculated by multiplying the number of shares held at the registration date by the value of the gross dividend per share, the resulting amount being rounded plus or minus at two decimals;
- the tax on dividends will be calculated and retained as per the provisions of the fiscal Code;
- the dividends net payment value shall be represented by the difference between the gross amount and the related tax.

The Dividends Payment Method

The payment of dividends shall be performed in RON only to the shareholders registered at the Shareholders Registry (held by "Depozitarul Central" S.A) at the registration date established by the General Meeting of Shareholder, and the payment manner will be acknowledged to the shareholders prior to the date of initiation of payment.

The expenses occasioned by payment of dividends are borne by the shareholders.

Considering the above-mentioned, we hereby submit for approval:

- **the distribution of net profit related to the financial year 2019 in amount of 65,317,598 RON;**
- **the distribution of the retained earnings representing surplus achieved from revaluation reserves in amount of 4,399,439 RON;**
- **the settlement of the gross dividend of:**
 - **6.67135515 RON/share from the amounts distributed from 2019 year's profit (item A in this note);**
 - **0.38095632 RON/share from the amounts distributed from the retained earnings (item B in this note);**
- **the settlement of the dividends payment initiation on June 25,2020.**

Director General,

PhD Eng. Timur-Vasile Chiș

Economic Director,

Econ. Sanda Toader

Head of Accounting Department,

Econ. Roxana Dăuș

Endorsed,

Head of Legal Department,

Legal Adviser Cornel Bănică

Subject to analysis and endorsement in the BoA meeting dated _____ and approval in the O.G.M.S dated _____

NOTE:

**regarding the approval of discharge of administration of CONPET S.A. administrations
for the financial year ended 31.12.2019.**

Along the year 2019, the Board of Administration has carried out the activity in the following componence:

- **Gheorghe Florin - Cristian**, Chairman of the Board of Administration
- **Popa Claudiu – Aurelian**, BoA member;
- **Iacob Constantin - Ciprian**, BoA member;
- **Gavrilă Florin - Daniel**, BoA member;
- **Albulescu Mihai- Adrian** - BoA member;
- **Meșca Darius-Dumitru** - BoA member;
- **Pavăl Karina**, BoA member, **up to 04.07.2019**;
- **Buică Nicușor – Marian**, BoA member **starting 05.07.2019**.

After completing the selection procedure provided by EGO no. 109/2011 *on corporate governance of public enterprises*, approved with amendments and completions by Law no. 111/2016, the Ordinary General Meeting of Shareholders, in the meeting dated 22.08.2018, following the application of cumulative voting method, appointed the following administrators of the company: Gheorghe Cristian – Florin, Iacob Constantin – Ciprian, Popa Claudiu – Aurelian, Gavrilă Florin – Daniel, Albulescu Mihai – Adrian, Meșca Darius – Dumitru, Pavăl Karina, with a period of 4 years mandate, respectively starting from 22.08.2018 up to 21.08.2022 (inclusive of).

By BoA decision no. 17/04.07.2019, the BoA appointed as provisional Mr. Buică Nicușor – Marian, in the capacity of administrator, considering the proposal from the shareholder DEDEMAN SRL, the term of office starting 05.07.2019 and until the OGMS meeting, on the vacancy due to waiver of office and as administrator of Ms. Pavăl Karina. Appointment of the provisional administrator is carried out in accordance with Art. 137² para. (1) of Law no. 31/1990 on companies, republished, with subsequent amendments and art. 19 para. (4) of the Articles of Incorporation of CONPET SA.

By Resolution no. 5/30.09.2019, Mr. Buică Nicușor - Marian was appointed by the OGMS as administrator of the company CONPET SA, the term of office of the appointed administrator being the date of the OGMS Resolution (30.09.2019) and up to the end of the mandate of the current Board of Administration (21.08.2022, inclusive of).

In consideration to the achievement of the strategic objectives set out in regards to the

operational activity, the optimization of the performance and sustainable development of the company, in compliance with the principles of good corporate governance, along the performance of the mandate, the administrators of CONPET S.A. have fulfilled their attributions with responsibility, efficiency, transparency and professionalism against all stakeholders.

The carried-out business, as well as the financial-economic results obtained in 2019 are being revealed as compared to 2018 in the Annual Report of the Administrators, as they are being contained in the audited annual financial statements related to the financial year 2019.

As per the dispositions of Art.111, Para (2), Letter d) of Law no.31/1990 on companies, republished, subsequent amendments and completions, corroborated with the provisions of Art. (15), para 3, letter (i) of the Articles of Incorporation of CONPET S.A. it is necessary that the OGMS decide on the discharge of administration of the administrators of CONPET SA.

Following the approval of the audited financial statements for the year ended 31.12.2019, based on the Report of the independent auditor BDO Audit SRL on the financial statements 2019 and the Annual Report of Administrators for the financial year ended 31.12.2019

is being submitted for approval of the OGMS the discharge of administration of the company's administrators for the financial ended 31.12.2019.

CHAIRMAN OF THE BOARD OF ADMINISTRATION