

NO. 15261/13.05.2020

**Endorsed
by BoA Decision no. 12/13.05.2020
Chairman of the Board of Administration
Gheorghe Cristian – Florin**

S.s. Illegible, Stamp

REPORT

By Decision no. 5/18.02.2019, the Board of Administration of CONPET SA endorsed the Note issued by the Transport Operations Unit of the company, registered under no. 6380/18.02.2019, to the Ordinary General Meeting of Shareholders on the proposal of approval of the transaction with SNTFM “CFR MARFĂ” SA, regarding the conclusion of a contract having as object *“Transport services by rail of oil and rich gas from the loading ramps to the destinations set by CONPET S.A.”*.

The approval of the transaction by the OGMS was necessary given the value of the contract and the provisions of Art. 52 para. (1) of EGO nr. 109/211 on the corporate governance of the companies, according to which: *“The Board of Administration or, as the case may be, the Supervisory Board convenes the general meeting of shareholders for the approval of any transaction, whether this bears, individually or in a series of closed transactions, a value higher than 10% of the net assets of the public enterprise or higher than 10% of the turnover of the public enterprise according to the last audited financial statements, with the administrators and directors, and, as the case may be, with the members of the supervisory board or of the directorate, with the employees, shareholders who have control over the company or with a company controlled by them.”* We mention that the draft contract and its annexes could be consulted by the shareholders in compliance with the data confidentiality regime.

By Resolution no. 1/26.03.2019, the Ordinary General Meeting of Shareholders of CONPET SA approved the transaction with SNTFM “CFR MARFĂ” SA regarding the conclusion of a contract having as object *“Transport services by rail of oil and rich gas from the loading ramps to the destinations set by CONPET S.A.”*.

On 28.03.2019, CONPET SA concluded with SNTFM “CFR MARFĂ” SA the service contract no. S-CA 57 dated 28.03.2019 having as object *“Transport services by rail of oil and rich gas from the loading ramps to the destinations set by CONPET S.A.”*, for a period of 4 years, respectively until 31.03.2023, inclusive of. The estimated value of the contract is of 242,420,640 RON. According to Art. 3.1 of the contract, *The tariff is firm for the first contractual year, and its amendment can be done based on the supporting documents, subsequent to the approval by NAMR of the updated tariff on the domestic subsystem.* NAMR has approved the tariff indexation on the domestic subsystem by 3.75% starting 31.12.2019. Taking into consideration Art. 3.1 of the Contract no. S-CA 57 dated 28.03.2019, SNTFM “CFR MARFĂ” SA requested, by address no. 89/19.03.2020, the augmentation of the tariff, by presenting supporting documents regarding the increase of the main cost elements (invoices for the consumed electricity and a release from the

Subject to endorsement in the BoA meeting dated 13.05.2020 and approval of the OGMS dated 18.06.2020

National Statistics Institute regarding the evolution of the work force costs). The organization of a direct meeting between the two parties has not been possible due to the restrictions generated by the state of emergency decreed against the background of COVID 19 pandemic. Under these circumstances, the negotiations between the legal representatives of CONPET SA and SNTFM “CFR MARFĂ”, having as object indexation of the railway transport tariff of crude oil and rich gas, were carried out by telephone, as well as by written correspondence. The result of these negotiations consisted in the approval, by the legal representatives of the two contractual partners, Conpet SA and CFR Marfă, of the indexation of the transport tariff by 4.5%. The indexed tariff will be applicable starting the date of conclusion of the Addendum and will be firm for at least one contractual year, having the possibility to be amended after fulfilling this term following the approval of NAMR of the augmentation of the transport tariff on the domestic subsystem.

The result of negotiation of amendment of the transport tariff will materialize by concluding an Addendum to the service contract no. S-CA 57/28.03.2019 having as object “*Transport services by rail of oil and rich gas from the loading ramps to the destinations set by CONPET S.A*”, signed by the parties after approval by the OGMS of the conclusion of this transaction.

By concluding this Addendum, the estimated value of the Service contract no. S-CA 57/28.03.2019, amounting to 242,420,640 RON will increase by the amount of 7,627,649 RON, calculated on the basis of the estimated quantity for the 33.5 months left of the contract.

Considering the above-mentioned aspects, based on Art. 52 para. (1) of EGO no. 109/2011 regarding the corporate governance of public enterprises, approved and amended by Law no. 111/2016, we suggest the endorsement of the Board of Administration and the approval by the OGMS of the transaction with SNTFM “CFR MARFĂ”, that will materialize with the conclusion of an Addendum to the Contract no. S-CA 57/28.03.2019, having as object the augmentation of the transport tariff, respectively augmentation of the estimated value of the contract amounting to 7,627,649 RON.

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