CONPET S.A., Romania
1-3 Anul 1848 Street, Ploieşti 100559, Prahova
Tel: +40-244-401360; fax: +40-244-516451
TIN: RO 1350020; NACE Code 4950; CRN J29/6/22.01.1991
Subscribed and paid-up share capital 28 569 842.40 RON

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No.

Endorsed
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Chariman of the Board of Administration
Gheorghe Cristian-Florin

The Investment Strategy of CONPET SA for the period 2020-2025

The strategic objectives undertaken by the Board of Administration by the Administration Plan are in close connection to the strategic lines, the vision and the expectations of the shareholders and the contextual line of the Energy Strategy of Romania related to the period 2018-2030 and are the followings:

- ✓ Boosting efficiency and improvement of business records
- ✓ Developlent of new businesses related and non-related to the core business
- ✓ Definition of CONPET as regional player
- ✓ Efficient management of human resources
- ✓ Implementation and development of the corporate governance principles

The general objective of the company targets the provision of the conditions for satisfying the needs related to the transpprt of crude oil in medium and long term, with a tariff suitable to a modern market economy and a civilized life standard, under safety and quality conditions, in compliance with the sustainable growth principles.

Considering that the energy traditional resources, particularly, the oil resources, are important for all the economy branches, the development of this sector is being carried out under State surveillance, by elaboration and implementation of a sectorial strategy, and on short term by implementation of a policy correlated with the strategic objectves.

The role of CONPET S.A. investment strategy is to define, first of all, the main development and modernization lines related to the national transport system via pipelines along 2020-2025, considering the economic-social development and the current state of the oil sector, correlated with the energy and environmental policies of the European Union.

One of the major concerns of the company is represented by the ongoing strengthening of transport infrastructure, by the modernization thereof based on state-of-the-art technologies, thus ensuing the necessary conditions for the safe operation of the Crude Oil National Transport System.

The investment strategy is not being approached as a rigid projection of the company's future, focused on the operationalization ad-literam of the contents thereof, but, on the contrary, as a concept and a flexible project adapted according to the amendments occurring in relation to certain dimensional and functional paramteres of CONPET and the macroeconomic context.

The activity of transport via pipelines is carried out unlimited in time, the existence of the transport pipelines not being dependent on the carrier's will. The carrier does not occupy the land with pipelines that he, eventually, on transport completion, removes from the land. This special situation claims, alongside with a distinct regulation, also specific measures for profit optimization.

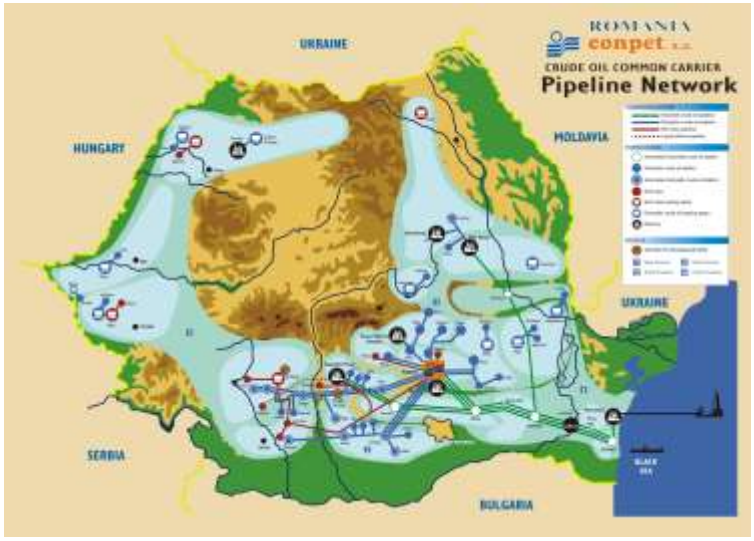
For the achievement of its core business, the crude oil transport from and to all its business partners, unde maximum operativity conditions, high efficiency and lowest operation costs, in compliance with the legislation in force on environmental protection, labor protection, the other normative acts in the field, CONPET S.A. is performing a continuous activity regarding the improvement of the technical state of the national transport system.

The investment projects within Conpet mainly target a greater efficiency of the transport activity. The capacity to invest stands for the key parameter of the company's strength and trustworthiness, the ratio between the investment volume and the turnover, the equities and profits obtained being eloquent in this respect.

Out of the modernization quota, CONPET finances investment objectives within the rehabilitation, modernization and development programs, agreed upon with the National Agency for Mineral Resources as per the "Oil concession agreement concerning the operation of the national transport system of crude oil, rich gas, condensate and ethane, here included the major pipelines and installations, equipment and related facilities".

The operation of the national transport system of crude oil, rich gas, condensate and ethane is being regulated by the Oil Law and is being performed based on the Oil Concession Agreement concluded and approved in 2002 by GD 793, between S.C. Conpet S.A. and the National Agency for Mineral Resources, the competent authority representing the interests of the Romanian state in the oil field.

The company has adopted a gradual planning and performance strategy related to works of replacement and modernization of the assets, by annual and multiannual programs, ensuring balanced financial efforts in each fiscal year, correlatdd with the resources and capabilities available for the settlement and respectively execution/tracking of the works.



In this respect, starting 1995 the national transport system has undergone a continuous modernization process.

Therefore, during 1995-2007, through the Modernization Poject, co-financed by the World Bank, there have been carried out works in total value of approximately 150m EURO, consisting in rehabilitation and modernization/revamping of the crude oil national transport system by:

- pipelines rehabilitation,
- rehabilitation of pumping stations along the major pipelines and of two ramps for loading/unloading of crude oil and rich gas,
- automation of the transport system and introduction of SCADA system,
- introduction of the crude oil fiscal measuring systems,
- achievement of an own telecommunication system.

After this period, the special attention was given to the pipeline component. In view of correct determination of the segments that needed to be replaced, there have has been performed intelligent pigging to almost all crude oil major pipelines.

During 2003-2019, there have been replaced 535 km of pipeline.

The activities were carried out on continuos basis, having the role of providing the increase of the services duration of the pipelies system, by observing the increase of safety in exploitation.

Also, for the exploitation, surveillance and maintenance, under safety conditions, of the national transport system via pipelines, our company had in view also the performance of several works related to the commissionings of the water overcrossing infrastructures, meant to raise the safety level in the exploitation of the respective pipelines, indirectly, and meant for the protection against pollution of the overcrossed river courses.

During 2006-2019, there has been commissioned a number of 54 water courses overcrossings.

During 2014 - 2019 CONPET SA has intensifed its efforts for the continuation of the activites of modernization of the main transport subsystems via pipelines, placing a special accent also on the other technological components of the system, such as:

- tanks;
- technological installations;
- fire Extinction and Prevention installations;
- administrative and technological buildings;
- energy, thermal and telecommunication intallations;
- auxiliary components.

The synthetic statement of the investments during 2014 - 2019 reveals the followings:

thousand RON

CrtNo	Name	2014-2019		
		Program	**Achieved**	**%**
	Total, of which:	**385,782**	**313,092**	**81%**
I	**Public Domain**	**315,286**	**256,582**	**81%**
1	Pipelines rehabilitations	163,950	133,317	81%
1.1	Pipelines replacements	131,059	108,707	83%
1.2	Commissionings	32,891	24,610	75%
2	Modernization of cathodic protection stations	26,544	20,237	76%
3	Leak Detection	9,276	4,239	46%
4	Tanks	38,822	32,386	83%
5	Other works	76,694	66,403	87%
II	**Operator Domain**	**70,496**	**56,510**	**80%**
1	Pipelines rehabilitations	5,844	4,479	77%
2	Buildings	6,401	3,877	61%
3	LDH and wagons	11,612	10,730	92%
4	Other works	46,639	37,424	80%

and on financing sources, the followings:

thousand RON

Crt No	Name of the Objective	Program	Achieved	%
	Total general 2014-2019, of	**385,782**	**313,092**	**81%**

	which:			
1	Modernization quota	309,635	251,368	81%
2	Own sources	76,147	61.724	81%

The investment strategy for the following 5 years should be conceived by consideration of the internal and international context of development of the oil industry and essentially depends on the transport forecast related to the named period.

The strategic lines of "Conpet" in the investment domain for the period 2020 - 2025 are the follwoings:

A. modernization and securization of the national transport system,
B. increase of safety in operation,
C.diminution of energy consumption,
D.development of new activities connex and non-connex to the core business,
E. monitoring the operational programs and priority axia in view of accessing European funds and other non-refundable financing forms.

Taking into consideration that the values of the scheduled works are being affected by a rather high degree of incertitude determined by the various phases in which they are (solutions researcehs, fesibility studies, basic design, contracting etc). the program underlines mainly the physical indicators.

In functional terms, the proposals related to investment works have in view the supply of crude oil transport at proposed parameters – quantity, pressure, falling within the technological allowed losses, as well as the election of the solutions to enable intelligent pigging, in case of pipelines replacements, fact that will provide safety in exploitation of the major crude oil transport pipelines, by removing the factors of risk.

While crossing over the preparatory phases and the works contracting procedures, the values thereof will be emphasized in annual investment programs, which will be submitted for approval of the Board of Administration, General Meeting of Shareholders, National Agency for Mineral Resources.

Sythesis of the investment projects during 2020-2025 on the main types of objectives reveals the followings:

thousand RON

Crt. No.	Name of the Objective	TOTAL 2020-2025			
		km	total, of which:	Modernization quota	Own sources
	Total general, of which:	**124**	**450,000**	**370,000**	**80,000**
I	**PUBLIC DOMAIN**	**109**	**370,000**	**370,000**	**0**
1	Pipelines rehabilitation, of which:	85	102,505	102,505	0
1.1	Pipelines replacements	85	94,240	94,240	0
1.2	Commissionings	0	8,265	8,265	0
2	Replacement of the crossing connection wires Dunare C1-C2 and Borcea arm C3-C4, in total length of 24km	24	159,742	159,742	0
3	Modernization and monitoring of the cathodic protection system related to the domestic and import National Transport System – stage 2	0	6,500	6,500	0
4	LEAKS DETECTION AND LOCATION SYSTEM	0	12,624	12,624	0
5	Tanks	0	20,813	20,813	0
6	Pumping systems modernization	0	9,150	9,150	0
7	Modernization of stations/ramp	0	25,866	25,866	0
8	Lucrari automatizare si SCADA	0	11,244	11,244	0
9	Other works	0	21,556	21,556	0
II	**OPERATOR DOMAIN**	**15**	**80,000**	**0**	**80,000**
1	Pipelines rehabilitation	15	8,108	0	8,108
2	Buildings, stations fencing	0	16,124	0	16,124
3	LDH and wagons	0	14,456	0	14,456
4	IT works	0	11,012	0	11,012
5	Implementation of the systems producing “green (electric) power - solar panels and /or eolians	0	3,000	0	3,000
6	Other works	0	27,300	0	27.300

The major investment programs during 2020 - 2025 according to the strategic objectives are the followings:

A. ***For the modernization and securization of the national transport system***

1.PIPELINES REHABILITATION, of which:

1.1. PIPELINES REPLACEMENTS

For the period 2020 - 2025 Conpet targets the replacement of 124 km of crude oil pipelines, of which:

- 24 km by the work *Replacement of connection wires crossing Danube C1-C2 and Borcea arm C3-C4*
- **100 km** related to other pipeline replacement works, with a total estimated value of **102 mRON.**

The necessity and opportunity have been established following the inline inspections with intelligent pig, the breakdowns history and soil resistitivity measures. The measures imposed by the environment and water management authorities, comprised in the compliance programs represented one of the determining methods for making the decision to execute several works of pipelines rehabilitation.

On substantiation were taken into consideration the stages of performance of the projects, namely the contracting of the design services and subsequently the contracting of the execution works. Following the internal analyses carried put, it was realized a prioritization of the works according to the risk of breakdown estimated for each pipeline.

1.2. COMMISSIONING OF PIPELINES OVERCROSSING

For the perdiod 2020 - 2025 Conpet targets the commissioning of at least two water coursed overcrossings, with an estimated value of **8 mRON**.

It is targeted the achievement of various works of commissioning of the water overcrossings infrastructure meant to increase the level of safety in operation of the respective pipelines and of protection against the pollution of the overcrossed water coruses. The pipelines composing the crude oil National Transport System cross various water courses in two contructive solutions: above ground and underground. Along time, the riverbeds of the overcrossed waters have beared changes due either to natural factors or to human intervention along waterscourses (exploiation of ballast products).

The commissioning works for pipes overcrossings are being performed by:

- bottom thresholds;
- banks protection upstream and downstream the bottom threshold;
- wave breakers;
- strengthening strings foundation;
- banks protection on the route of pipelines parallel with the riverbed (broken bank);
- other works related to pipeline consolidation.

2. REPLACEMENT OF CONNECTION WIRES DANUBE OVERCROSSING C1-C2 AND BORCEA ARM C3-C4

For the period 2020 - 2025 Conpet aims at the initiation and completion of the works related to the connection replacement wires on the import crude oil transport pipelines 20”, 28” și 14”, with a value of **160 mRON.**

During 2017 - 2019, Conpet has completed the study in view of identifying the optimal solution for the design and execution of several new crude oil transport wires, considering the new assembly technologies (conducted drill), the quantity of transported crude oil, the use of the same diameter with the tubular material upstream/ C1, C2, C3 şi C4, waiving of the keyboard - other area with maximum impact on the environment, correlation with the new technical and legislative solutions.

Following the topographic, hydrological, geophysical and geotechnical studies performed during November 2017 – March 2018, the elaboration of the documentations and acquirement of the permits necessary for the execution, it was established that the overcrossing solution to overcross the Danube river and Borcea arm by conducted horizontal drilling is the only technical solution to cumulatively meets the demand for execution, the safety conditions for execution and environmental protection, which is accepted by the endorsers.
Within a global context marked by climate changes, global warmth, increase of pollution level, the achievement of this investment objective will contribute to the improvement of the quality of the environmental factors by ensuring the operation of the crude oil transport pipelines under safety conditions and the avoidance of the potential damages that could occur in case of technical breakdowns.

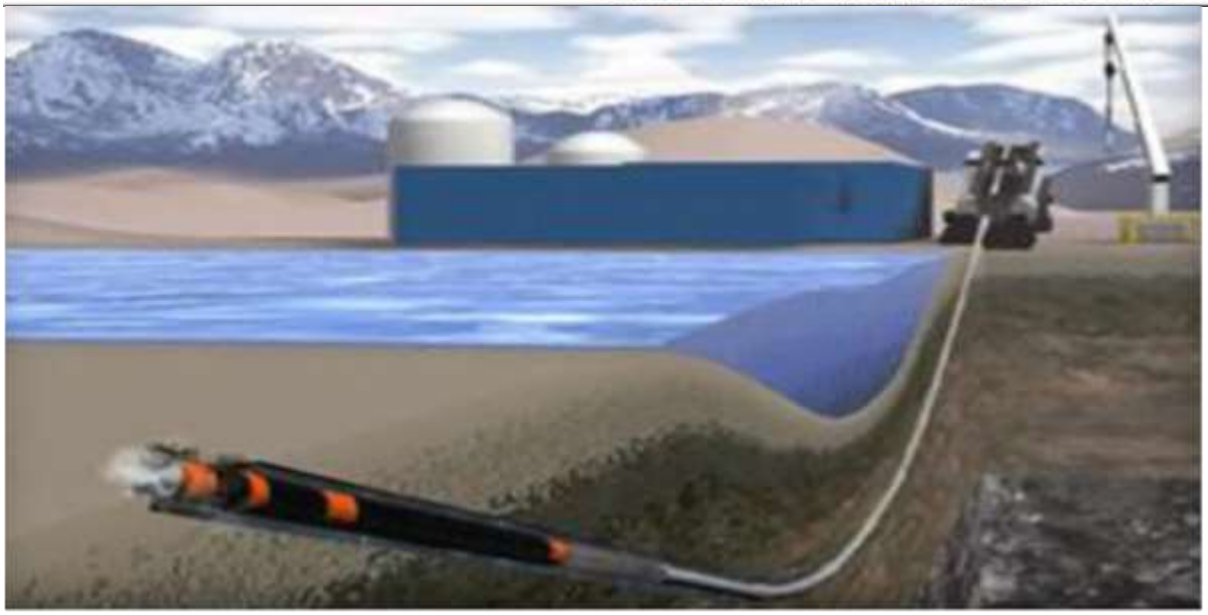
The costs estimated for the fulfilment of this investment objective were based on the price offers and market prices for the materials, equipment, transport means, as well as technical features and specific paramters similar to the investment objectives, at the date of completion of the solution study in 2019.

The total estimated value for the replacement of the connection wires on the import transport pipelines, of 14”, 20” și 28”, between the stations C1-C2 and C3-C4, here included the overcrossing of Danube river and Borcea arm by staged conducted horizonal drilling is of 168.9 mRON VAT exclusive of, of which, 154.6 mRON represent C+M, and 1.1 mRON design and technical assistance, as well as expenses related to compensations, fees and permits. The estimated duration for execution of the investment objective is of 30 months. The contracting of the design and execution works for the replacement of the connection wires on the crude oil import transport pipelines of 14”, 20” and 28” will be initiated in 2020.

In the first stage, it is considered the replacement of the connection wires on the import transport pipeline 20”, followed by the replacement of the connection wires on the import transport pipeline 28”. The replacement of the connection wires on the import crude oil transport pipeline 14” shall be the work that is to be last executed and only after the completion of the other 2, as well as after an analysis regarding the crude oil quantities forecasted to be transported. The exectution terms for the replacement of the connection wires associated to the pipelines of 20” și 28” can overlap provided that the works carried out should not prevent the performance of the activity in CONPET work sites.

Picture 1. Danube pipelines placement area

2. Picture 2. Borcea pipelines placement area



3. REHABILITAYION AND RESIZING OF THE TANKS PARK IN CONPET PATRIMONY, IN COMPLIANCE WITH THE QUANTITIES THAT ARE TO BE TRANSPORTED

For the period 2020 - 2025 Conpet aims to continue the works related to the building of tanks of various capacities, in 3 locations. The total extimated value for the rehabilitation and resizing works of the tank farms during 2020-2025 is of **21 mRON.**

Currently, Conpet has started a typing program of the crude oil storage tanks. The fact that the old tanks have been executed in building versions of various capacities, with different building solutions, had led to difficult maintenance, as well as significant operating expenses.

Out of the approximately 100 crude oil tanks existing in CONPET, 75 are older than 40 years and 77 of 100 are in riveted construction. The reparation of the riveted built tanks is very difficult.

Considering the age of the majority of the tanks, all these operations are very costly and the results are not always the expected ones. The most laborious and costly works are the ones for the reparation/replacement of the floating roofs, broken bottoms and sealing of riveted tanks.

Many times, the repair costs are so high, that the replacement of the old tanks with new ones turns out to be more convenient.

Given the diminution of the crude oil transported quantities, it was performed an analysis of the technical condition of the tanks and the capacity thereof, in view of resizing the storage capacities according to the current and future needs.

Up to this moment, CONPET has hold a project for a tank type 2,500 m3, a tank has already been executed and other 4 tanks are contracted for execution.

Also, a tank of 31,500 cm in Călărești Station is under final stage of execution.

The main locations settled for the construction of new tanks are: Călărești, Bărbătești, Orlești, Cartojani, Poiana Lacului, Moreni.

Considering the high costs for the constructions of new tanks, this program will be staggered for a long priod of time estimated to approximately 6 - 7 years.

4. GEOGRAPHIC INFORMATION SYSTEM MAPPING (GIS) WITHIN CONPET

For the period 2020 – 2025, the company targets the completion of the implementation works of a Geogrpahic Information System Mapping at Conpet, with a total value of 3.8 mRON, of which **2.8 mRON** in 2020 - 2025.

The necessity to implement GIS was acknowledged and emphasized within the Development Strategy during 2017 - 2025.
The implementation of such a system within our company creates the opportunity to manage operational risks, particluraly by management of the causes that may lead to operational events (deficient maintenance, not knowing the exact characteristics of the infrastructure and the lack of some instruments to enable the analysis of the infrastructure characterisstics in the geographical context of the environment that the infrastructure passes, here included: the impact of the characteristics – pgysical and chemical – of the soil, identification of the high risk areas from the perspective of the potential impact on the environment and the population etc.).
This information, characteristic to a discipline known in the industry under the name „pipeline integrity management", cannot be managed in absence of an informatic instrument to enable both the record, as well as the work with information of technical nature, attached, however, at the level of some linear pipeline segments and that, in the meantime, enable also the visualization of physical and chemical features of the soil, as well as the the context of placing the pipelines inftrastructure (proximity of huan settlement, distance up to them and the number of population potentially affected, proximity of other networks that can either provoke or be affected in case of potential operational incidents, the impact of the environment and the environmental impact on the worsening potential of the effects of an operational accident etc.).
In 2017 there was performed a feasibility study on the implementation of a Geographic Information System Mapping (GIS).
In 2019 was initiated the implementation of a Geographic Information System Mapping (GIS).

5. OPTIMIZATION CONPET SCADA SYSTEM

For the period 2020 - 2025 Conpet targets the completion of the optimization works of SCADA system and upgrade of Hard and Soft data and automation Transmission System used by CONPET S.A., with a value of **7 mRON.**

The SCADA and Automation system initially implemented starting 2002 had a 15 years lifespan requirement. The change of the data and automation transmission equipment, as well as the optimization of the SCADA System by updating all the associated document, the revision thereof in the SCADA System and implementstion of a database “Historian” type within SCADA System will raise the system’s safety in operation, will increase the assessment possibility of automatec and centralized reporting, will speed up the efficiency of tracking and archiving the process parameters, including all the locations that have not been monitored until now.

In September 2017 there was initiated the implementation of optimization of SCADA system and upgrade the Hard and Soft of the automation and data Transmission System used by CONPET S.A, with completion term 2021. Currently, there are have been completed 21 locations of 29.

6. ERP UPGRADE

For the period 2020 - 2025 Conpet aims at the initiation and completion of ERP upgrade, with a toal estimated value of **9 mRON.**

Therefore, are being set the premises for the modernization of ERP IT system, considering the current business requiremens of Conpet, ensuring the boost of business efficiency and savings in operating the business processes.

B. For the Increase of Safety in Operation

1. **MODERNIZATION AND MONITORING OF THE CATHODIC PROTECTION SYSTEM RELATED TO THE IMPORT AMD DOMESTIC NATIONAL TRANSPOT SYSTEM (RO. SNT) – stage 2**

For the period 2020 - 2025 Conpet aims at the continuation of the modernization and monitoring of the cathodic protection system in 30 locations, with a value of **6.5 mRON.**
The cathodic protection contains the overall elements composing a system, where the pipeline metal or the buried tank is being electronegatively polarized up to at least the balancing value (the immunity area) of the metal.
The modernization of the cathodic protection system consists of:

- replacement of the cathodic protection stations, here included the reference electrodes,
- replacement of the sacrificial anodes (anodic outlets executed by vertical drilling),
- recovery of mains connections of electric power supply (particular cases),
- replacement of protection ans measuring blocks,
- concessioning/ lease of the land related to the Cathodic Protection Station and fencing thereof,
- implementation of a remote tracking system of the cathodic protection stations; the values of the parameters will be submitted to the Headquarters of Divisions (Ploiești, Pitești, Bărbătești, Constanța), namely the Maintenance Department (Energy Department),
- mounting equipment on the pipeline route, in the potential take-offs, at the middle distance between the two stations, for measuring the potential of the pipeline in the most adverse sites.

The efficiency of the proposed works
The modernization and monitoring of the cathodic protection for the crude oil transport system via pipelines tracks the slowdown or even the stopping of the corrosion process occurring on the surface of the underground metallic pipelines, generating:
1.the reduction of the maintenance costs associated both to the metal losses, as well as to the decommissioning of the installations,
2.high safety in pipelines operation,
3.avoiding the envirponmental contamination with the corrosion/transported procuct,
4.reduction of electric power consumption.

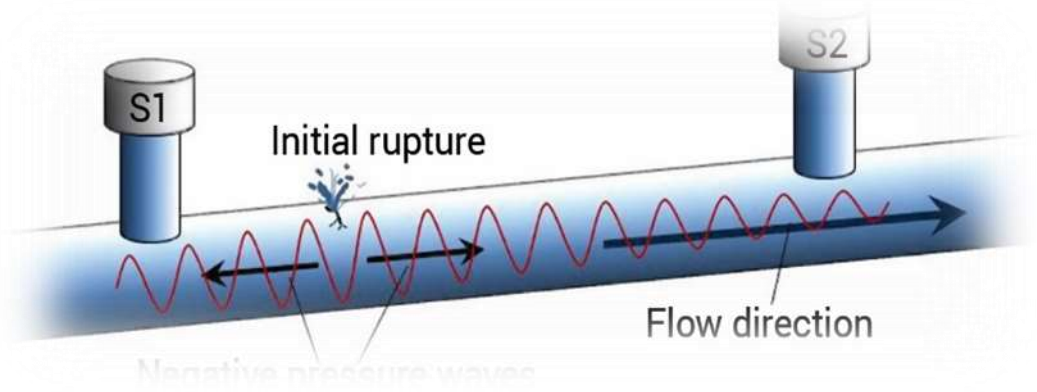
2.SYSTEM FOR THE DETECTION AND LOCATION OF PRODUCT LEAKS FROM THE TRANSPORT SYSTEM

For the period 2020 - 2025 Conpet aims at continuation of the works related to the achievement of a “System for the dectection and location of the product leaks from the crude oil major transport pipelines”, for a number of 21 routes. The total estimated value is of 30mRON, the work following to be completed in 2027. During **2020-2025,** the related value is of **12.6 mRON**, the difference being forecasted to be settled up to the completion, in 2026 and 2027.

It was performed a feasibility study regarding the installation of a pipelines leak detection and location system. The study has performed a comparative analysis of the similar systems existing at 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 propagation of the pressure

waves relevant particularly for product lossess with high flow and the method of detection based on the mathematical modelling of the pipeline profile, relevant for low-flow losses.
The study showed that the installation of such a system can be profitable for Conpet, although the value of such a system is rather high.
That is the reason why it was made the decision that the implementation begin with a pilot project on the pipeline subsystem Poiana Lacului-Silişte-Ploieşti. This pilot project was completed in 2019, currently being ongoing the implementation of the hydraulic modelling softs Atmos SIM and testing softs Dispatchers Atmos Trainer.

Efficiency of the proposed works
By initiation of implementation of a leaks detection and location system by a pilot project can be emphasized the advantages, along with the cost of implementation and maintenance.
By installation of such a system are being obtainec benefits related to the reduction of lossess in case of breakdwons, as well as the decrease of decontamination costs.



C.For the mitigation of energy consumption

1.REHABILITATION OF THE FACILITIES OF THE CRUDE OIL NATIONAL TRANSPORT SYSTEM VIA PIPELINES
For the period 2020 - 2025 Conpet aims at the continuation of the works of

- Modernization and systematization of the pumping stations in 4 locations, with a value of **9 mRON**
- Modernizations loading/unloading ramps in 6 locations, with a value of **26 mRON.**

The category of works proposed for the rehabilitation of facilities of the crude oil national transport system are the followings:
-mechanical works – connection pumping equipment, measuring equipment, tanks, crude oil filtering systems, thermal power supply pipelines;
-pumping equipment, measuring equipment, tanks, crude oil filtering systems, thermal power supply pipelines;
-electric drives works – rehabilitation transformation sites, low and medium pressure equipment, drives;
The rehabilitation works of the facilities proposed for the domestic crude oil transport system (DPLS) consist of:

- Modernization and systematization of the pumping stations by:
- replacement of the existing piston pumps with the new ones;
-mounting filters batteries for crude oil;
-performing pipelines connections in the pumping stations;
-energy and automation works.

- Modernization of loading/unloading ramps by:
- -modernization of loading ramps (arms, access stairs, platforms);
  - performing pipelines connections (where the case may be);
  -civil costruction works – according to the needs;
  -energy works.

2.TELETRANSMISSION AND TELEMETERING SYSTEM OF THE ELECTRIC POWER CONSUMERS IN CONPET S.A. LOCATIONS

For the period 2020 – 2025, Conpet targets at the completion of the works related to a system, with a total value of **3.7 mRON**, by endowement with metering, control and monitoring equipment, provided with communication interfaces of the data connected to a management and dispatching console.

As a general characteristic, for CONPET locations there is a single fiscal metering of settlement in relation to the supplier of electric power.

In the locations Poiana Lacului, Constanța Sud and Călărești already exsits telemetering systems of the electric power at local level, but they need upgrade. The electric power telemetering system proposed for implementation is a system of telereading of the monitored counters, of storage of the measured sizes in a database of automatic or manual generation of the reports related to these sizes on certain periods of time and precise substantiation of the consumption estimates correlated with the level and structure of the activities. The system installation is being realized by endowment with countering, monitoring and control equipment, provided with communication interfaces of the data connected to a management and dispatching console. Wit the help of this equipment, the energy management team is able to configurate the company's strategy with regards to the management of the allocated energy resources. The implementation of this project will be performed on the following locations:

SOUTH DIVISION - locations: Poiana Lacului, Cartojani, Videle;

EAST DIVISION - locations: Lucăcești, Imeci, Moreni, Siliștea, Cireșu, Băicoi;

WEST DIVISION - locations: Bărbătești, Țicleni, Orlești, Ghercești, Otești, Biled, Pecica, Marghita;

IMPORT DIVISION - locations: Constanța Sud, Călărești.

The metering works for the electric power consumption on types of utilisations (technological, technologicl support, administrative), teletransmission and telemanagement in CONPET S.A. locations consist of the monitoring of the power consumptions by real time data acquisition and archiving of data from energy analyzers and energy counters.
By using the telemeanangement system of the energy consumption will be used an operational efficiency by monitoring of the consumptions, tracking the framing in the consumption budget allocated and the rapid identification of the high consumption areas, being at the same time the essential instrument for ensuring a highly efficient energy management.

3.MODERNIZATION OF THE PARK OF LOCOMOTIVES USED IN THE CRUDE OIL RAILWAY TRANSPORT

Conpet is has currently in progress 2 contracts for:

- Conversion of a hydraulic diesel locomotive (LDH 1250 PH) in electric locomotive with electric drive LEA
- Conversion of a hydraulic diesel locomotive (LDH 700 CP) in electric locomotive LDE.

After completion and commissioning of the locomotive of 1250 PH, with the related tests and the acquirement of the shunting permit, it is advanced the initiation of the conversion works of other 2 hydraulic diesel locomotive of 1.250 PH. The conversion works of these locomotives will be performed gradually, **during 2020 - 2025** being provided **6 mRON**.

For the crude oil exploitations located in geographical area where the transport via pipelines has not been developed, CONPET provides the take-over operations of the crude oil by way of specific installations and equipment (loading/unloading ramps) and the transport thereof to the refineries, on railway by tank cars, transport that is being carried out under a contract concluded with the railway operator. CONPET is currently holding an own specific logistic park comprising 13 locomotives and 40 tank cars. All the locomotives held by CONPET are hydraulic diesel type (LDH) and were built during 1975 – 1985, with normal lifespans of 35 years. By performing the maintenance works and the repair programs carried out as per OMTI 315/ 2011, the lifespan has been extended with 5 years. The main issues faced are related to the age and the design version of the locomotives (conceived in the 70s), the standard engines having important tears and wears and, implicitely, high fuel consumption. Moreover, they are polluting, not framing in any pollution rate as per the EU norms and the disappearance from the market of the producers of spare parts necessary for the schedules repairs, as well as the fact that the eneterpises authorized for the execution of the repairs are very limited make it harder. These contraints lead to significant tears and wears generating polluting losses or to the use of some pieces predominantly reconditioned, therefore the monitoring, measurement and control systems deliver registration errors.
The major risks are given by the occurrence of the accidental shortcomings producing delays in shunting tank cars and hence the disturbance of the production process. Many times, achievement of the crude oil railway transport programs could be impossible.

DEVELOPMENT OF THE PHOTOVOLTAIC PARKS

D.In view of developing new activities related and non-relayed to the core business

For the period 2020 – 2025, Conpet targets the initiation and completion of the works in a number of 5 locations, with a total estimated value of **3 mRON**.

The process of crude oil transport via pipelines by the operation of the oil National Transport System via pipelines involves a significant energy consumption of approximately 20 Procesul de transport prin conducte a țițeiului prin operarea Sistemului Național de Transport al petrolului prin conducte implică un consum energetic important de aproximativ 20 GWh annually.
At present, CONPET disposes of unproductive land surfaces within the pumping stations.
The development of a photovoltaic park for the electric power production pratically leads to the use in the technological process of the electric power produced, thus reducing the costs generated by the acquisition of electric power from the Energy National System (RO. SEN). The additional electric power generated by the photovoltaic park will be capitalized by way of the platform OPCOM S.A. and taken over by SEN by means of the electric station located in the proximity of the land held by CONPET. Following an internal analysis regarding the possibility to develop a photovoltaic park for the electric power production, CONPET aims at becoming prosumer. The energy produced will be internally consumed by the company and the sursplus will be injected in the national network.
The competitive advantage of CONPET is represented by the lands that is disposes of, wich can be capitalized, as well as the access to the electric power distribution infrastructure. Another advantage is given by the possibilities to invest in capacities of renewable power generation. For the installation of photovoltaic panels there are being proposed, as locations, the crude oil pumping stations - Poiana Lacului, Cartojani, Bărbătesti, Băicoi și Călărești.
The general scope of the project is the increase of the energy performance and security of supply – given the climate changes – by capturing solar energy – in compliance with the national and European policies regarding the capitalization of the renewable energies potential.

The specific objectives are:

- The development of photovoltaic solar parks;
- Revenues generation;
- Reduction of the dependency on primary imported energy resources, fossile, and diversification of the energy sources;
- Generating environmental benefits by proper reduction of the pollution – the reduction of the greenhouse emmissions and thus the fight against the climate changes;
- Technical education – acquiring of the know-how regarding the “RES” technologies, creation of a core staff of specialists within CONPET.

E.In what concerns the monitoring of the operational programs and the priority axis in view of accessing European funds and other non-refundable financing forms

IMPLEMENTATION OF A SOLUTION DATA CENTER AND DISASTER RECOVERY WITHIN CONPET SA PLOIEȘTI

Apart from these investment projects that Conpet aims at performing during 2020 – 2025 and for which the financing source is ensured from own sources, the company targets the performance, within CONPET S.A. PLOIEȘTI of implementation of a Data Center and Disaster Recovery solution, with ERDF financing in the domain IT&C for the period 2021 - 2027.
The recovery plan in case of disaster is a plan paeticularly focused on the IT department, destined to restore the operating part of the systems, applications or any facility provided by the handling machines in a separate location, in case of emergency. It is especially applicable to major events, usually disasters, stopping the access to the main site for a long period of time. Tipically, the recovery plan in case of disaster, implies a long period of time. At the same time, it involves an analysis of the business processes and needs for ensuring continuity; also, it may include focus related to the aspect of disaster prevention.

We hereby mention that this strategy is currently estimated, thus it can bear amendments, considering the changes that could occur in the annual transport programs, and last but not least, in the company's development strategy.

The synthesis regarding the investment projects during 2020-2025 is revealed in the annex to this material.

Considering the aforementioned, we hereby submit for endorsement to the Board of Administration and to approval to the General Meeting of Shareholders, "The Investment Strategy of CONPET S.A. for the period 2020-2025".

Director General
Ph.D Eng. CHIȘ Timur Vasile

Economic Director
Econ. TOADER Sanda

Deputy Director General
DUMITRACHE Mihaela Anamaria

Deputy Director General 2
Eng. TUDORA Dorin

Head of Transport Operations Unit

Eng. STOICA Narcis

Head of Maintenance Development Unit

Eng. BUZATU Dan