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Date of the report	30.06.2023
Issuer's Name:	CONPET S.A. Ploiești
Registered Offices:	No. 1-3, Anul 1848 Street
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Tax Identification Number at the Trade Register Office	1350020
No. at the Trade Registry:	J29/6/22.01.1991
Subscribed and paid-up share capital:	28,569,842.40 RON
Total number of shares:	8,657,528 nominative shares
The regulated market trading the issued securities:	B.V.B., PREMIUM Category

Reporting significant events: Publication of the Sustainability Report of 2022:

CONPET S.A. informs the shareholders and investors regarding the publication of the Sustainability Report of 2022 on the company's website www.conpet.ro, section "Investors Relations/ Reports/Other reports".

We attach to this current report the Sustainability Report of 2022.

Director General
Eng. Dorin TUDORA
electronic signature



SUSTAINABILITY REPORT of 2022



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THE MESSAGE OF MR DORIN TUDORA, DIRECTOR GENERAL OF CONPET SA

Dear esteemed partners,

CONPET is a well-established company within the energy sector, whose professionalism, stability and performance represent assets on which its customers, shareholders, investors and the Romanian society in general have been relying on, for over 30 years.

2022 was a good year for us, both in terms of financial results, investments and particularly important projects that we managed to accomplish, as well as in terms of the professional development of our employees and the ever-growing involvement that we have within the community.

Therefore, in 2022 we persevered with the plans and strategies we set at the beginning of the year and successfully achieved our established goals.

The realization of the investments scheduled for 2022 stood as one of the general objectives that the company's management constantly monitored.

I would especially like to mention an extremely important investment that CONPET has achieved in 2022, through the project **“Replacement of the connection lines Danube crossing C1-C2 and C3-C4 Borcea arm.”**

In a world context marked by institutional concerns to combat climate change, the construction of new pipelines to under cross the Danube and the Borcea arm lead to the improvement of the quality of environmental factors, by ensuring the operation of crude oil transport pipelines in safe conditions and avoiding potential damages that may occur to them.

We have adopted an environmental policy integrated with the policy related to quality, health and safety at work, and in accordance with the principles of sustainable development, being aware that the responsibilities towards the environment are inextricably linked to the envisaged performances.

CONPET also shows a constant concern for the well-being of its employees. Professional development and improvement, health maintenance, salary increase, ensuring an optimal balance between professional and personal life are priorities that have been preserved and improved in 2022.

The Corporate Social Responsibility (CSR) holds an increasingly important place within CONPET. At the heart of the concerns aimed at the internal dimension of CSR is the training of employees in the spirit of the company's organizational culture and keeping them connected to the company life, to news and events that take place in all workplaces. Thus, through internal communications, the internal newspaper "CONPET Information" and social media communication channels, CONPET keeps its employees informed and aware that they are part of an organization with solid principles, with a professional and ethical mission to which they must adhere with responsibility and whose message they themselves can pass on with pride.

We are aware of the role and influence we can have within the community and the example we can set, through the principles we promote and the actions we undertake. Already recognized for its involvement through sponsoring actions, social responsibility, and environmental protection, CONPET has also paid increased attention in 2022 to the support of major projects in the sectors: medical-sanitary, education, sports, social and cultural, carried out both in rural and urban areas.

The premiere of 2022 was represented by the first Blood Donation Campaign among CONPET employees. Carried out in collaboration with the Blood Transfusion Center Ploiesti, the action proved

to be a success by the great involvement of the employees, materialized in a gesture of empathy and solidarity, in the context in which Romania is facing a critical situation in the field.

To sum up, all our lines of action are mastered in compliance with the European Energy Strategy and entail all responsibility required by the management of a strategic activity imperative for the energy security of our country. The responsibility for the environment, the good care for our employees and the community in the middle of which we conduct our business represent our top priorities.

Sincerely yours,
Dorin Tudora
DIRECTOR GENERAL

1. Information on the Sustainability Report

This report presents information by which the company's management wishes to communicate transparently to its 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 provision and continuous improvement of the quality of the services delivered, the environmental protection, occupational health and safety, aspects related to personnel and social domain, prevention of abuses in human rights matters, ethics and integrity in business and corruption prevention and combating.

2. About Conpet SA

2.1 Company's Business

CONPET SA is the operator of the crude oil, rich gas, condensate and ethane National Transport System (NTS).

CONPET SA provides transport services to its customers through both the National Transport System, leased based on the Oil Concession Agreement and by rail, from the loading ramps to refineries.

The operation of the system is being performed by the local dispatchers coordinated by the central dispatcher of the company.

The pipelines transport system is **3,800 km in length**. 3,161 km of pipelines are currently in use for the transport of crude oil, rich gas and condensate. The crude oil, rich gas, condensate and ethane National Transport System (Ro. SNT) has in composition transport subsystems grouped according to the transported products, as follows:

- **The domestic crude oil and condensate transport subsystem**, having in composition pipelines covering approx. 1,581 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 inactivity of the Arpechim refinery, the subsystem is only partially used for the transport of condensate via the pipeline linking Totea warehouse to Petrobrazi refinery.
- **The subsystem for the import crude oil transport** provides the transport of crude oil from Oil Terminal Constanta to the refineries in Ploiești, Arpechim-Pitești and Midia.

The transport of the crude oil quantities is 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 various facilities both in the pumping sites, as well as in the receipt sites.

During the transport process, CONPET uses approximately 90 tanks 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.

On 31.12.2022 the company also owns a fleet of 243 vehicles, intended for the transport of personnel for work purposes, means of intervention vehicles, off-road vans and mixed transport of persons and goods and special vehicles (emptying, cranes, diggers, etc.).

By way of the transport services contracted in 2022 was realized the transport of the total quantity of 7,100 thousand tons, of which:

-3,062 thousand tons – the Domestic transport subsystem;

-4,038 thousand tons – the Import transport subsystem.

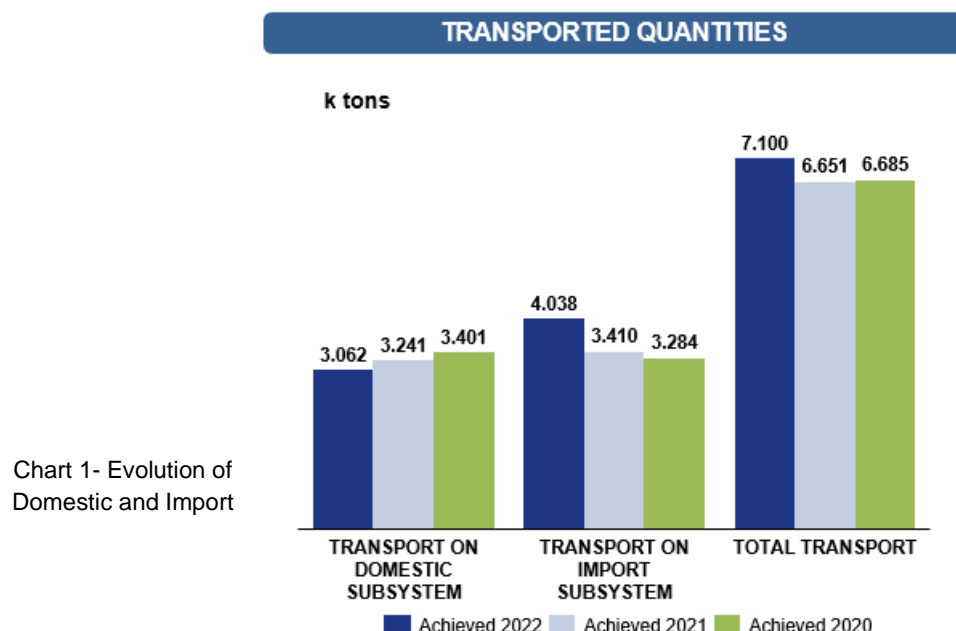


Chart 1- Evolution of Domestic and Import

transported quantities on the Subsystems 2020-2022

2.2 Ownership

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

State-owned company,

On the reference date 31.12.2022, the total number of shares issued by the company CONPET S.A was of 8,657,528, owned by 15,408 shareholders. The shareholding structure, in accordance with the consolidated synthetic structure of the shareholders on the same date is the following:

- The Romanian State by the Ministry of Energy (1 Shareholder)

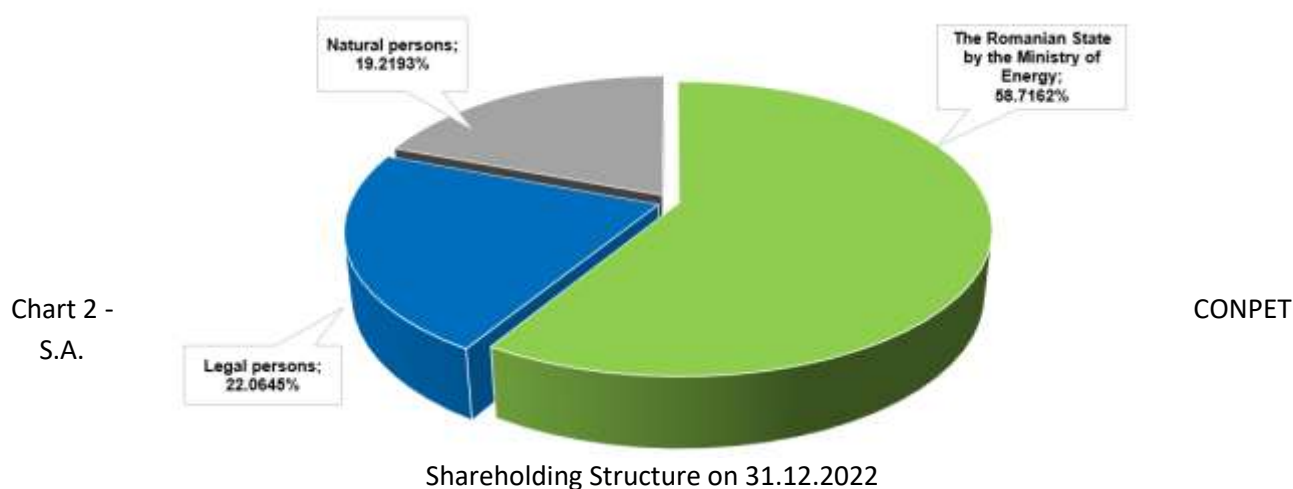
Number of shares:	5,083,372
- Value of contribution to the share capital (RON)	16,775,127.6
- Share of participation on profit and loss (%):	58.7162

- Legal persons (106 shareholders)

Number of shares:	1,910,238
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- | | |
|--|-------------|
| - Value of the contribution to the share capital (RON) | 6,303,785.4 |
| - Share of participation on profit and loss (%): | 22.0645 |
- Natural persons (15,301 shareholders)

Number of shares:	1,663,918
- Value of the contribution to the share capital (RON)	5,490,929.4
- Share of participation on profit and loss (%):	19.2193



The number of CONPET shareholders registered at Depozitarul Central S.A. at the end of 2022, is of 15,408, 11.9% higher than the end of 2021 (13,774 shareholders).

The shareholders exercise their rights within the General Meeting of Shareholders ("GMS"), which is the highest decision-making body of the company. The approval competences of the General Meeting of Shareholders, the conditions for the organization and validity of these meetings are set out in the Articles of Incorporation of the company, as per the applicable regulations and are supplemented with the incidental 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/2015/11/Articles-of-Incorporation> on 28.04.2022.pdf
<https://www.conpet.ro/en/investors-relation/info-shareholders/>

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 in the governing bodies, the right to participate in the distribution of dividends according to the provisions of the Articles of Incorporation and the legal dispositions, as well as other rights provided for thereby.

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

The share capital of CONPET S.A. on 31.12.2022 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 S.A. did not perform transactions having as scope its own shares and, consequently, the company did not hold own shares.

2.3 Organization and management

The Company CONPET S.A. was established in 1990, based on the Government Decision 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, CONPET has become the operator of the crude oil, rich gas, condensate and ethane National Transport System.

The crude oil, rich gas, condensate and ethane National Transport System (NTS) is part of the State's public property and bears strategic importance. By the Oil Law no. 238 from June 7th, 2004 and the Methodological Norms for the Application of the Oil Law, approved pursuant to GD no.2075/2004, the NTS is being defined and regulated.

The organization of the company is highlighted in the organizational chart, being of a pyramidal type and specific to a functional - hierarchical organizational structure.

The organizational structure of the company CONPET comprises the following hierarchical levels:

- The General Meeting of Shareholders;
- The Board of Directors;
- The Director General;
- The Deputy Director General;
- The Deputy Director General 2;
- The Deputy Director General 3;
- The Economic Director;
- Units;
- Chief Engineer;
- Departments and functional bureaus;
- Divisions;
- Sectors;
- Formations, pumping stations, loading/unloading ramps, warehouses, working sites (operational entities).

According to this organizational structure, the management is carried out on criteria of efficiency and professional responsibility.

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

The Board of Directors

The Company is administered by a Board of Directors made up 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 it. The Board of Directors is ruled by a Chairman.

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

Members of the Board of Directors of Conpet SA which hold mandate on 31.12.2022

Name and Surname	Capacity in the Board of Directors
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Gheorghe Cristian – Florin	Provisional non-executive Administrator - Chairman of the BoD
Buică Nicușor- Marian	Provisional non-executive Administrator - Member of the BoD
Kohalmi - Szabo Luminița- Doina	Provisional non-executive Administrator - Member of the BoD
Tănăsică Oana - Cristina	Provisional non-executive Administrator - Member of the BoD
Gavrilă Florin– Daniel	Provisional non-executive Administrator - Member of the BoD
Albulescu Mihai - Adrian	Provisional non-executive Administrator - Member of the BoD
Zaman Andrei - Mihai	Provisional non-executive Administrator - Member of the BoD

The CV's of the members of the Board of Directors of CONPET SA are available on the company's website <https://www.conpet.ro/corporate - governance/The Board of Directors/>.

During 2022, the members of the Board of Directors did not own shares in CONPET SA. The structure of the Board of Directors is diverse in both men and women of different professions (engineers, lawyers and economists) with professional experience in oil and gas, energy, investments, capital market analysis, legal, etc..

The Executive Management

In 2022 the executive management was provided by:

Position	Name and Surname
Director General	Eng. TUDORA Dorin
Deputy Director General	Jurist DUMITRACHE Mihaela - Anamaria
Deputy Director General 2	Jurist LUPEA Ioana Mădălina
Economic Director	Econ. TOADER Sanda
Deputy Director General 3	Eng. NECȘULESCU Radu Florentin
Head of Transport Operations Unit	Eng. STOICA Narcis Florin
Head of Maintenance Development Unit	Eng. BUZATU Dan
Head of Communication and Corporate Governance Unit	PATRICHİ Bianca Maria
Head of the HSE Unit	Eng. MARUSSI Mădălina Mihaela
Head of Commercial Unit	Jurist MANOLACHE Dan
Development-Investments Chief Engineer	Eng. CÎRLAN Florentina – Anca

2.4 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, rich gas, condensate and ethane carrier via pipelines and by rail.

Company's Values:

- ongoing learning and improvement;
- concern for people and environment;
- openness and quality improvement;
- flexibility and dynamism;
- communication and cooperation.

2.5 Strategic development objectives

The strategic objectives established and assumed by the administrators through the Administration Plan, were defined in strong correlation with the strategic directions, the vision and expectations of the tutelary authorities, namely the ones of the shareholders, and the contextual lines of the Energy Strategy of Romania throughout 2018-2030, envisaging the years 2050.

The strategic objectives are:

- Boost efficiency and improve business performance;
- Development of new activities, related and non-related to the core business;
- Define the Company as a regional player;
- Outstanding management of the human resources;
- Implementation and development of the corporate government principles.

2.6 Certifications

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.

Later, in September 2016, the company also obtained certification for the energy management system, a system that was implemented and integrated into the previous management systems.

Following the external recertification audit, carried out by the BUREAU VERITAS body, in September 2022, the certificates for the management systems of quality, environment, health and safety at work and energy have been issued:

- Certificate no. RO22. RO22.4340383Q, in accordance with the requirements ISO 9001:2015;
- Certificate no. RO22. RO22.4340383E in accordance with the requirements ISO 14001:2015;
- Certificate no. RO22. RO22.4340383S, in accordance with the requirements ISO 45001:2018;
- Certificate no. CZE - 2200254, in accordance with the requirements ISO 50001:2018.

Starting 2010, within CONPET S.A. the railway safety management system is being implemented and maintained in accordance with the national legal requirements on railway safety, in compliance with the national legal requirements on rail safety and the reference European directives. The field of application of this system includes the railway ramps within the NTS where CONPET carries out railway shunting, for which the company holds the "License for the performance of rail transport services (railway shunting), granted by the Romanian Railway Authority (Ro. AFER).

Starting January 2021, within CONPET have been carried out activities for the anti-bribery management system implementation program, as required by SR ISO 37001:2017, program which has been finalized in June 2022.

In July 2022, following the external audit performed by the certification body SRAC CERT, the following certificates have been issued:

- SRAC nr.28/13.07.2022
- IQNet nr. RO-0028/13.07.2022

asserting compliance with the requirements of the anti-bribery management system implemented by CONPET S.A. in compliance with the requirements of ISO 37001 standard.

2.7 National Transport System Development Projects

The main investment projects started in the previous years which still continue in 2022 are the following:

- **Modernization and monitoring of the cathodic protection system related to the NTS Domestic and Import - stage II**

In order to ensure the life of the crude oil transport pipelines, it is necessary to protect the buried metal pipes against corrosion through good quality insulation and by applying an adequate cathodic protection system.

Protection against external corrosion of the buried pipe is necessary because: ensures safe operation without damage from corrosion for at least 20 years, which can be extended at minimum cost up to 40 years and allows surveillance and maintenance operations - service of the condition of the tubular material with specific, low-cost technologies and methods.

The anti-corrosion protection system used for the import crude oil and domestic crude oil transport pipelines consists of: passive protection - anti-corrosion insulation, designed to separate the metal of the pipe from contact with the aggressive outdoor environment and active protection (cathode) - to complement passive protection - by using an electric current, which gives it the slow aging of the insulation.

The project was divided into two stages. Stage I, during 2017-2019, 109 locations and stage II, during 2019-2023, 30 locations.

By the end of 2022, have been executed SPCs in 128 locations (109 locations stage I and 19 locations stage II); the works execution continues for the other 11 locations.

- **Replacement of connection lines Danube crossing C1-C2 and C3-C4 Borcea arm**

The main pipelines for the transport of imported crude oil with Ø14", Ø20" and Ø28" Constanța–Bărăganu have the route from OIL TERMINAL to the work site CONPET S.A. - C1, in Ialomita island between C2 and C3, and from C4 to Bărăganu station. Currently, the crossing of the Danube River and Borcea Arm is done through pipelines of Ø12^{3/4}". The pipes at the under crossings are laid in trenches at 4 m below the sole of the riverbed, continuously concreted on a thickness of 10 cm in radius.

The undercrossing of the Danube and Borcea arm with the crude oil transport pipelines was carried out in two stages, in 1968, 4 Ø12^{3/4}" lines were installed at the Danube undercrossing and 4 Ø12^{3/4}" lines at the Borcea arm undercrossing, lines linked to the Ø14" Constanța-Pitești major transport pipeline and in 1978 another 6 lines allocated to Ø20 and Ø28" pipelines were installed.

In 2003, the first corrosion detection inspection (executor - PIPETRONIX GERMANY) was carried out, followed by two more inspections (2008 executor – CALA ROMANIA and 2015-2016, executor - ROSEN GERMANY).

The obtained reports revealed that part of the lines that ensure the transport of crude oil through these under crossings no longer present safety in operation, requiring measures to ensure the safety in operation of the pipelines, including the shutting down of some of the lines.

To ensure optimal conditions for transport of crude oil and avoid the risk of further damage with serious environmental consequences, replacing or restoring crossings have been imposed.

By replacing the pipes in the afore-mentioned crossings, the following objectives will be achieved:

- ensuring the functioning of the transport pipeline, on the pipeline section in question, under safety conditions and designed parameters;
- eliminating the major risk of crude oil pollution with a harmful impact on the environment;
- safety in operation;
- reducing maintenance costs;
- extension of the operation period;
- ensuring optimal energy efficiency conditions for the transport of crude oil to the designed parameters;
- major positive impact on the natural and human factor in these areas.

In a global context marked by climate change, global warming, increase of pollution level but also by intense institutional concerns to combat the effects of these phenomena, the construction of new pipelines at the undercrossing of the Danube and the Borcea arm, will help improve the quality of the environmental factors by ensuring the functionality of the crude oil transport pipelines under safety conditions and avoid the potential damages that may occur, in case of technical accidents.

In 2017-2019, was prepared and approved: The solution study on the Danube and Borcea undercrossing of the crude oil transported through the Constanta– Baraganu 14",20" and 28" pipelines, study prepared by S.C. SNIF PROIECT S.A. Târgoviște.

Based on the solution study, on 30.08.2021, the contract no. L-CA 292, for the design and execution of works was signed by and between CONPET S.A. Ploiești with the Association CIS GAZ S.A. Mureș, as associate and leader of the Association and HORIZONTAL DRILLING INTERNAȚIONAL S.A.S. Colombes, France, for "Replacement of connection lines related to the Danube C1-C2 and C3-C4 Borcea arm - Danube and Borcea undercrossing of the crude oil volumes transported via Constanța - Bărăganu 14", 20", 28" pipelines.

The contract was signed for the amount of 107,335.6 thousand RON VAT excluded, amount that includes design services and execution of works. Subsequently, two documents were concluded to supplement the works and the value of the contract by 2,764.7 thousand RON without VAT and the waiver of works in the amount of 939.9 thousand RON without VAT. The new value of the contract is 109,160.4 thousand RON, VAT excluded.

The building permits were obtained in April 2022, and the execution works for both the Danube underpass and the Borcea Arm underpass carried out before the end of 2022 consisted in: the completion of the first 20" drilling under the Danube and two 20" and 28" drillings under the Borcea arm.

- **Replacement of Ø 20" C4 - Bărăganu crude oil transport pipeline along 3 lines (approx. 600 m), C2-C3 along 6 lines (approx. 7,900 m), Ialomița County**
- **Replacement of Ø 20" Bărăganu-Călăreți crude oil transport pipeline along 6 lines (approx. 18,000 m), Călărași County**

The Ø 20" import crude oil main pipeline was built in 1972 and is being served by the Constanța Sud 1 and Bărăganu Călăreți pumping and re-pumping stations.

The identification of the sections that were to enter the modernization process was made based on the inspection with smart pig. The respective sections are located between the undercrossings from Danube C2-C3, Borcea C4-Bărăganu, but also Bărăganu - Călăreți.

The execution of the works on the two sections began in 2022, the replacement works being carried out for the first section in proportion of 52%, completion date - July 2023, and for the second section the degree of completion was 89% until December 31, 2022, the completion date being March 2023.

3. Corporate Governance

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 September 5th, 2013 on the regulated market managed by the Bucharest Stock Exchange (BSE), at category I, under the COTE symbol. Starting January 5th, 2015, CONPET S.A. is included in the PREMIUM category of the regulated market managed by the Bucharest Stock Exchange.

As an issuer listed on the Bucharest Stock Exchange, CONPET has promoted 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 business 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 read on the company's website by accessing the following link https://www.conpet.ro/wp-content/uploads/2015/11/Regulamentul-de-Guvernanta-Corporativa-al-CONPET-S.A.-2021_en.pdf and comprises the following chapters:

Chapter I	The Administration system
Chapter II	Corporate Governance structures (General Meeting of Shareholders, Board of Directors, Consultative Committees, Director General, Code of Ethics and Integrity)
Chapter III	Transparency, financial reporting, internal control and risk management
Chapter IV	Rights of Holders of Financial Instruments issued by CONPET S.A.
Chapter V	Conflict of Interest and Transactions with Involved Persons ("self transactions")
Chapter VI	The Regime of Corporate Information
Chapter VII	Social and Environmental Responsibility of the Issuer
Chapter VIII	References

Annually, Conpet SA includes in the Administrators' Report the **Statement on compliance with the provisions of the Corporate Governance Code issued by the Bucharest Stock Exchange** based on which it evaluates the corporate governance system at company level.

Corporate Governance Structures

CONPET S.A. corporate governance structures are being represented by: the General Meeting of Shareholders, the Board of Directors, the Consultative Committees within the Board of Directors and the Director General.

General Meeting of Shareholders

The shareholders exercise their rights at the General Meeting of Shareholders, which is the highest decision-making body of the company. The Articles of Incorporation of CONPET S.A. stipulates the competencies of the General Meetings of Shareholders (GMS), the conditions for organizing and validation thereof. CONPET observes the legal provisions regulating the performance of the GMS meetings for the stock listed companies.

The Board of Directors

The Company Administration is being entrusted to the Board of Directors elected by the Ordinary General Meeting of Shareholders, this one being charged with the fulfillment of all papers necessary and useful for the achievement of the company's core business, except for those set forth, as per the law, for the General Meeting of Shareholders.

Structure and appointment of the Board of Directors

The Company is administered by a Board of Directors, composed of 7 administrators. The majority of the BoD members is made of non-executive and independent administrators. They are chosen by the Ordinary General Meeting of Shareholders for a period of 4 years, with the possibility to be reelected over new periods of 4 years. The members of the Board of Directors could be revoked based on the decision of the General Meeting of Shareholders.

The selection process and the election of administrators is carried out in accordance with GEO nr. 109/2011 on corporate governance of public enterprises, as well as with the provisions of Law no. 31/1990 on companies, republished, with subsequent amendments and completions, based on a rigorous and transparent process.

The members of the Board of Directors provide, all together, the premises of collective competence of the Board for an effective and successful administration of the company business. The Board of Directors nominates, from among its members, the Chairman of the Board of Directors. The decision regarding the appointment or revocation thereof is being made with the majority vote of the Board of Directors members. In case of vacancy of one or more administrator position, the Board of Directors proceeds to the appointment of some provisional administrators, until the convening of the Ordinary General Meeting of Shareholders.

The Chairman of the Board of Directors calls and presides the Board of Directors meetings, coordinates the activity of the Board and reports with regard to this General Meeting of Shareholders.

The administrators may act as shareholders.

The Board of Directors' 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.

The company is being administered by a Board of Directors made up of 7 administrators elected by the General Meeting of Shareholders.

On 31.12.2022 the composition of the Board of Directors (BoD) of Conpet SA was the following:

GHEORGHE Cristian- Florin	chairman
TĂNĂSICĂ Oana - Cristina	member
ZAMAN Andrei - Mihai	member
GAVRILĂ Florin – Daniel	member
ALBULESCU Mihai - Adrian	member
KOHALMI - SZABO Luminița Doina	member
BUICĂ Nicușor- Marian	member

The Chairman of the Board of Directors of CONPET S.A. is Mr. Gheorghe Cristian - Florin elected by the others administrators, according to the provisions of Art. 140[^]1 Para. (1) of Law no. 31/1990 on companies, republished, with subsequent amendments and completions and Art.19 Para. (3) of the Articles of Incorporation, namely starting with 22.12.2022 and until 21.02.2023 (inclusive of).

The Remuneration policy of administrators and directors with mandate contract proposed by the Nomination and Remuneration Committee is endorsed by the Board of Directors and approved by the OGMS.

The Chairman and the members of the Board of Directors are remunerated with a monthly fixed allowance to which is being added a variable component, where the amounts or structure is being set by the Ordinary General Meeting of Shareholders.

In 2022, the members of the Board of Directors did not own shares in CONPET SA.

Consultative Committees

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

- The Nomination and Remuneration Committee;
- The Audit Committee;
- The Committee for Development and Relation with the Investors and Authorities.

Composition of the Consultative Committee

On December 31, 2022 the composition of the Consultative Committees is the following:

The Nomination and Remuneration Committee is made up of 5 independent, non-executive administrators: Albulescu Mihai - Adrian – president; Buică Nicușor - Marian - member, Gheorghe Cristian - Florin - member, Kohalmi - Szabo Luminița - Doina - member and Gavrilă Florin - Daniel - member.

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

The Audit Committee is made up of 3 non-executive, independent administrators: Gavrilă Florin - Daniel - president; Buică Nicușor - Marian - member and Zaman Andrei - Mihai - member.

The Audit Committee assists the Board of Directors in fulfilling their management responsibilities for the financial reporting process, management reporting, internal control system, the audit process and organizational process for monitoring compliance with laws, regulations and code of conduct.

The Committee for Development and Relation with the Investors and Authorities is made up of 3 non-executive independent administrators: Tănăsică Oana - Cristina - president, Albulescu Mihai - Adrian - member, Kohalmi - Szabo Luminița - Doina - member.

The Committee for Development and Relations with Investors and Authorities aims at assisting the Board of Directors of CONPET in fulfilling its management responsibilities in the process of developing and monitoring compliance with the legislation applicable to the company's core business and the capital market.

The Consultative Committees meet whenever necessary at the call of the President of the consultative committee, and the proposals/recommendations made to the Board of Directors (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 Directors.

The terms of references and the attributions of the Board of Directors and of the Consultative Committees may be consulted at the web pages: <https://www.conpet.ro/wp-content/uploads/2015/11/Organizational-and-Operational-Rules-and-Regulations-the-Board-of-Directors3.pdf> for the Board of Directors, respectively <https://www.conpet.ro/wp-content/uploads/2015/11/Internal-rules-and-functioning-of-the-Comittees3.pdf> for the Consultative Committees within the BoD.

The Director General

The BoD delegated the executive management of CONPET S.A. to the Director General. He represents the Company in relations with third parties.

The Director General is liable for the company's executive leadership, for management and control of the activities and operations thereof and is responsible for taking all the measures related to the company's management, within the core business of the company and in compliance with the exclusive powers reserved by law or by the Articles of incorporation, the BoD or the General Meeting of Shareholders.

The executive directors without contract of mandate are hired/appointed/dismissed/promoted/suspended/fired by the Director General. The Executive Directors are subordinated to the Director General, are company employees, or, as the case may be, are exercising the attributions set in the contract of mandate or by the Director General and, as the case may be, by the Board of Directors, as well as by the Organizational and Operational Rules and Regulations governing CONPET S.A. and the job description.

4. Aspects related to sustainability

4.1 Quality, Environment, Occupational Health and Safety Policy

In accordance with the strategic development direction of CONPET 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 personnel, targeting the following action lines:

- Ensuring the availability and timeliness of the crude oil, rich gas and condensate transport services;
- Efficiently solving interventions to transport facilities without affecting the interests of customers and other stakeholders;
- Optimizing technological consumption of transported product;
- Compliance with legal and other requirements relating to occupational safety and health;
- Continuous improvement of performance in environmental protection activities in particular by adopting measures to prevent pollution, technological risks and accidents that can have a negative impact on the environment;
- Awareness of the company's personnel and the one working on behalf of the organization and improvement of communication in order to ensure active participation in achieving the goals;
- Eliminating hazards and reducing risks related to health and safety;
- Consultation and involvement of workers on any issue related to 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 arising from the current organization evolution and the risks/opportunities related to processes and establishment of actions to process them, correlated with the actions established at local/national level.

The company's management pursues consistently the performance concerning quality, environment, occupational health and safety, by maintaining and continuously improving the Management Systems in accordance with the reference standards for these areas.

The certification body BUREAU VERITAS issued certificates for management systems implemented in CONPET S.A. according to the requirements of ISO 9001, ISO 14001 and ISO 45001 standards, following the external re-certification audit in September 2022.

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 lines 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 consumption 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;
- reviews 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 appropriate skills 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:

- The achievement of the transport program by framing within the contracted technological consumptions;
- Observance of the delivery deadline for the transported goods.
- The number of complaints received from customers in a year with regards to the conformity of the transport service, with zero target value.

In 2022 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 provisions;
- there were no complaints from customers.

Environment

In the field of environmental protection, CONPET management has adopted an environmental policy integrated with the policy on quality, health and safety at work, specific to the company's business, size and impact on the environment, which would provide the framework for establishing and analyzing general objectives and specific environmental objectives.

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.

Being aware that the responsibilities towards the environment and the community in which it operates are inextricably linked to the performance it wants to achieve in its own activity and in accordance with the principles of sustainable development, CONPET has committed, through its environmental policy, to:

- Ensure compliance with legal and other requirements relating to environmental matters;
- Continuous improvement of performance in environmental protection activities in particular by adopting measures to prevent pollution, technological risks and accidents that can have a negative impact on the environment;
- Permanent assessment of the risks/opportunities generated by the context in which the organization evolves and of the risks/opportunities related to the internal processes and the establishment of actions for their treatment;
- Awareness of the company's personnel and of the personnel 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.

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 GEO no.195/2005 on environmental protection, as supplemented and amended and the 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. The environment permits issued by CONPET remain valid all along the period the company has been issued annual visa permit - amendment brought by Order 1150/2020.

CONPET S.A. activity is authorized in all counties by the regulatory authorities (A.N.P.M./National Agency for Environmental Protection, county A.P.M./Agency for Environment Protection, A.N.A.R./National Administration „Romanian Waters”, A.B.A./Water Basin Administration, S.G.A./Water management Unit) and in this respect holds 39 water management authorizations and 22 environmental authorizations.

For the operation in legality from the point of view of environmental protection, for the year 2022, the annual endorsements of the environmental authorizations were obtained. Furthermore, there have been revised:

- The Environmental Permit no. 11/03.08.2010 for Țicleni – Ploiești crude oil, rich gas and ethane major transport pipelines and the related work sites on the administrative territory of Gorj, Vâlcea, Olt, Argeș, Dâmbovița, Prahova counties;
- The Environmental Permit no. 35/09.04.2019 for the Imeci crude oil loading ramp, Covasna county;
- The Environmental Permit nr.16/02.02.2022 for the Independența crude oil ramp, Galati county.

As regards the water management regulation, all along 2022, 13 water management permits have been renewed for the watercourse crossings by the NTS-related piping routes.

Identification of the environmental aspects and environmental impact assessment

The identification of environmental aspects and the assessment of their associated impact within the company is carried out for:

- all the activities performed, included in the area of application of the environment management system;
- materials, goods and services that can generate environmental impacts that are supplied/manufactured by suppliers/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.

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

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, dismantling of workstations after completion of actions to deal with significant environmental aspects.

The environmental impact assessment activity is carried out in the production sectors whenever changes occur in the system involving environmental impact activities, the list of significant impact issues identified at company level being the basis for the development of the Environmental Management Program and the Action Plan for the achievement of environmental objectives.

During 2022 were reviewed environmental issues at the sites, significant environmental aspects being included in the "List of significant environmental aspects and associated impacts".

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 2022 have been reviewed:

- The Environment Management Program,
- The Action Plan for the fulfillment of the environment objectives at company level,
- Register of environmental opportunities.

The stage of achievement of the objectives and targets set and the stage of the implementation of the actions set for the achievement of the environmental objectives are analyzed annually by the executive management, as part of the analysis carried out by the management, after which decisions are made

and the Action Plan for the continuous improvement of CONPET SA activities in the field of environmental protection is drawn up.

Assessments of compliance with legal requirements and other environmental requirements

The assessment of compliance with the legal requirements or other applicable environmental requirements is carried out by:

- inspections carried out by the environmental authorities (representatives of central and local environmental and water management authorities);
- inspections carried out by HSEQ managers and the staff of the Environmental Protection Department;
- external audits carried out by bodies certifying the environmental management system integrated in the company's integrated management system;
- internal audits performed by the internal auditors within the Management Systems and Internal Managerial Control Departments.

The environment and water management authorities are carrying out scheduled audits in CONPET S.A. sites, unscheduled and thematic with regards to the observance of the legal requirements and other environmental regulations, not having been found major nonconformities.

To verify compliance with the legal requirements, in 2022, were recorded 62 external inspections of the environmental authorities in the counties where CONPET S.A. operates.

The personnel from the sectors, respectively the HSEQ officers conduct scheduled inspections according to the annual inspection chart for compliance with the legal requirements and other applicable requirements, but also not scheduled inspections according to the attributions of the job description.

During 2022, an external audit was carried out by the BUREAU VERITAS certification body, to verify compliance with the requirements of the ISO 14001:2015 standard that refers to the environmental management system. No non-conformities/deviations were found and no observations were made regarding the compliance obligations in this area.

Following the internal audits established in the annual internal audit program, the non-conformities identified in the environmental management system were identified and corrected in time.

Pollutions bearing significant impact on the environment

During the pumping of crude oil, accidental pollution can occur on the transport pipelines, from internal or external causes, generating pollution of the geological environment that can have a significant impact.

The expenses made in 2022 with the decontamination of the affected areas reached 1.74 million RON. For compliance with the regulations required by the national environment legislation in force, regarding the management of the dangerous waste, "paraffin - type" and "tank sludge", the company CONPET has the obligation to contract services for recovery/disposal thereof, thus avoiding sanctions provided by GEO 195/2005 on environmental protection, GEO no. 92/2021 on waste regime and GD no. 1061/2008 on the transport of hazardous waste on the Romanian territory.

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, tank leaks, decanters and sewage that is no longer present in the technological and sludge deposits.

The expenses related to the sludge cleaning services carried out in 2022 amounted to 237 thousand RON.

Within the technological flows carried out by CONPET Ploiesti, periodically, based on maintenance programs, the main and/or local crude oil transport pipelines are subjected to cleaning operations of the inner space with special devices called "pigs". Following the execution of in-line 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. This waste was stored in metal dumps, located on the technological premises of the company, until its disposal by authorized operators, contracted by the company.

The expenses related to the sludge cleaning services carried out in 2022 amounted to 44 thousand RON.

Monitoring of environmental factors

Based on the requirements of the chapter "Environmental Monitoring" included in the environmental permits, "The annual program for the monitoring and measuring of the characteristics of the environmental factors 2022" has been drawn-up, 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 underground water (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, analyses are being 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 analyses 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 2022, the costs for environmental factors monitoring amounted to 21.1 thousand RON.

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 to provide them stable physically, mentally and socially comfort.

The main action lines of CONPET SA policy concerning operational health and safety are as follows:

- Prevention and reduction of occupational diseases and accidents at work;
- Consultation of workers on any aspect of health and safety at work;
- Ensuring the organizational framework appropriate for setting the goals of the integrated management system quality-environment-operational health and safety;
- Permanent assessment of 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.

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 Department;
- 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 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;
- 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;
- the health of the workers is monitored through in-house medical practices and by contracting occupational medicine services.

In 2022, external checks were carried out by labor inspectors of Brăila county, without being identified irregularities at the level of the checked work sites. Within the scheduled internal controls, all the locations established by the approved control schedule were checked, no serious deviations were found, possibly causing injury and/or occupational illness of workers. The identified non-conformities have been remedied by taking the corrective measures ordered, at no additional cost.

The starting point in the continuous improvement of the activity of preventing accidents at work and occupational disease at work is the "Risk Assessment".

In 2022, the commission established within the company for this purpose analyzed and reassessed the risks for each job/position, activity that is in continuous analysis. By implementing the technical, organizational and sanitary measures from the Prevention and Protection Plan, the level of risk within the company is of 2.87%, value below the maximum allowed limit of 3.5%.

CONPET S.A. has implemented, ever since 2007, an occupational health and safety management, integrated with the other implemented management systems and the compliance with the requirements of standard ISO 45001 being certified by BUREAU VERITAS CERTIFICATION body, following the annual external audits performed.

In the light of the obligations and responsibilities arising from fire defense and civil protection legislation with implications for the safety and health at work of workers, prevention and intervention measures shall be ensured by meeting/complying with the applicable legal requirements and fire defense activity shall be organized at company level, therefore:

- is established the Emergency Situations Office - structure with responsibilities in emergencies, specialized in risk prevention of occurrence of emergencies through guidance and control activities;
- is organized defense against fire for all work places;
- is organized the intervention of firefighting jobs;
- is ensured the organization of rescue and evacuation of employees and material goods;
- Private service for Emergency Situations is set (Ro. S.P.S.U.), in accordance with the law;
- are identified, monitored and evaluated specific risk factors, generators of hazardous events; are identified types of risks which generate 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 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 of SPSU emergency teams in the field of emergency situations and participation in drills regarding alarm, evacuation, intervention, limitation and elimination of consequences of fires or other disasters.

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 SEVESO as "upper-tier" or "prevention policy" for locations classified as "lower-tier";
- the personnel 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 for Prevention and Protection and in the Programs of measures resulting from checks/internal and external audits.
2. Permanent compliance with OHS legislation and other requirements/regulations to which the company subscribes, by implementing innovations in the field.
3. Creating an OHS culture through training and raising awareness of employees about the need to respect the rules of safety and health at work by:
 - using interactive teaching methods, accompanied by practical demonstrations;
 - empowering all personnel in identifying, reporting and eliminating/reducing the dangers of accidents and professional diseases;
 - supporting and promoting preventive thinking and behavior;
 - involving all personnel 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.

4.2 Energy Policy

The Energy policy of CONPET SA promotes the objectives of continuous improvement of energy performance by maintaining and improving the energy management system, by ensuring compliance with the legal provisions and other applicable requirements in terms of energy consumption and energy efficiency, minimizing the loss of electricity and fuel for the production of heat energy, motor vehicles and rail maneuvering on CF ramps, energy cost reduction, purchase and use of energy-efficient products and services.

The company carries out actions to raise personnel 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 management and personnel of the company are fully committed to maintaining and improving the energy management system in accordance with the provisions of the ISO 50001 standard.

The certification body BUREAU VERITAS issued the certificate for the management system implemented in CONPET S.A. according to the requirements of ISO 50001 standards, following the external re-certification audit in September 2022.

Electricity production from renewable resources (pilot project);

At the level of 2022, was reconsidered the opportunity of developing the activity of producing electricity from renewable sources associated with the possibility of obtaining non-reimbursable financing within the National Recovery and Resilience Plan (Ro. P.N.R.R.) for the objective "Development of the activity of producing electricity from renewable sources by implementing a photovoltaic park in the Bărgănu station with financing from own and/or non-reimbursable sources", being analyzed the conditionality on the capacities of receipt in NPS – Transelectrica 2022-2025, respectively the deadline for commissioning the objective established by the non-reimbursable financing program (2024).

In parallel, during 2022, the objective "The realization of a system of electricity production with photovoltaic panels within the Administrative Headquarters 2 of CONPET S.A." was promoted. Currently, the first three contractual stages have been completed, and the installation of photovoltaic panels will be carried out in 2023.

4.3 Railway Safety Policy

Starting 2010, within CONPET S.A. 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 of CONPET S.A. the company declares its will and firm commitment to maintain and improve a railway safety management system according to the requirements established by the national and European Union regulations.

The main lines of action are:

- Compliance with existing legal requirements and other relevant stakeholder requirements relating to the development of railway shunting operations;
- Ensuring the appropriate organizational framework for setting objectives and assessing the performance of the safety management system;
- Identification of hazards, assessment and evaluation of risks associated with railway operations, including those arising from external factors;

- Establishing appropriate safety measures to be implemented to mitigate these risks, with a view to preventing accidents/incidents by rail and cooperate with relevant stakeholders on the implementation of appropriate safety measures in case of common risk identification;
- Assuming the coordination of the safety management system activities at the level of the management and delegation of responsibilities within the organization;
- Provision of programs to train the personnel and maintain their competence in performing tasks, both for personnel in charge of management, training and control tasks and for personnel performing railway safety-related activities.

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

Other aspects

Another project to streamline the railway transport activity which is being implemented and aimed at reducing fuel consumption and reducing maintenance and repair costs on existing locomotives is the conversion of diesel-operated locomotives (LDHs) into electric-operated locomotives (LEA or LDE). In this respect, starting 2019, in the multi annual investment programs, staggered works have been budgeted for:

- the conversion of LDH 1250 HP locomotives into electric locomotives with electric LEA drive, at the level of 2022 being put into operation 2 locomotives (Bărbătești and Pecica);
 - the conversion of LDH 700 HP locomotives into LDE electric diesel locomotives, a locomotive was put into operation at the Marghita ramp, and for a second locomotive the execution contract was signed.
- For the period 2023-2024, four other locomotives are envisaged for the transformation.

4.4 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 limitation.

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 personnel;
- 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. 221 Para.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, 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 personnel field relate to:

- 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. personnel with responsibilities in traffic safety) in the case of departures from the system.

On December 31, 2022, the structure according to age is not balanced, the age categories with the highest rate ratio in the company range between 51 - 60 years old (52.29%) and between 41-50 years old (27.82%).

The average age of the company CONPET personnel is high (49.4 years old), the advantage it brings is the work experience accumulated by employees within the company, which indicates stability and professionalism. The average age of the personnel employed in the last two years is of 40.9 years, with an average work experience of 15.3 years.

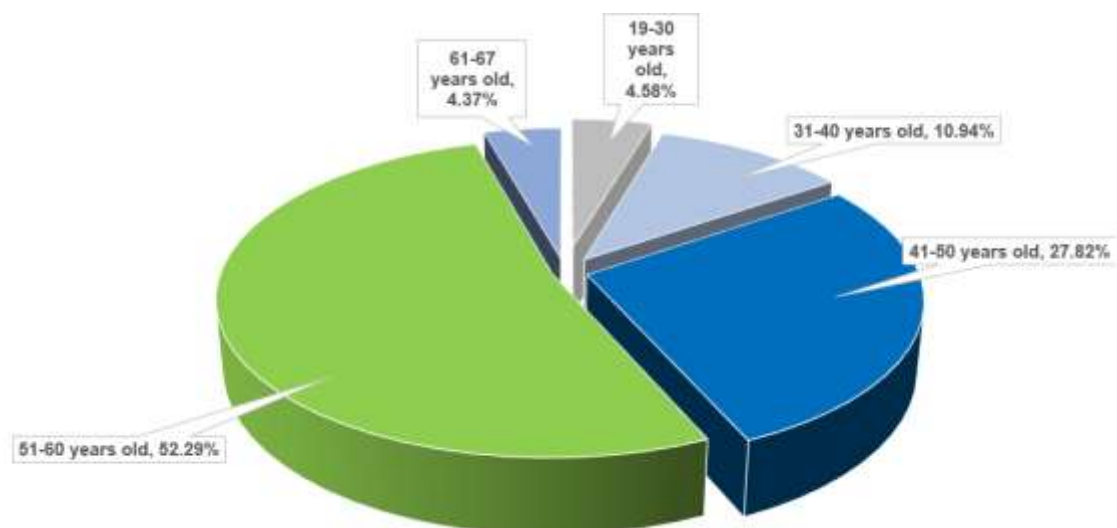


Chart 3 - Personnel structure by age groups 2022

However, the risk of personnel in the future is the company to deal with personnel shortages due to departures of the employees reaching retirement age.

The level of this analyzed risk was low; being 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).

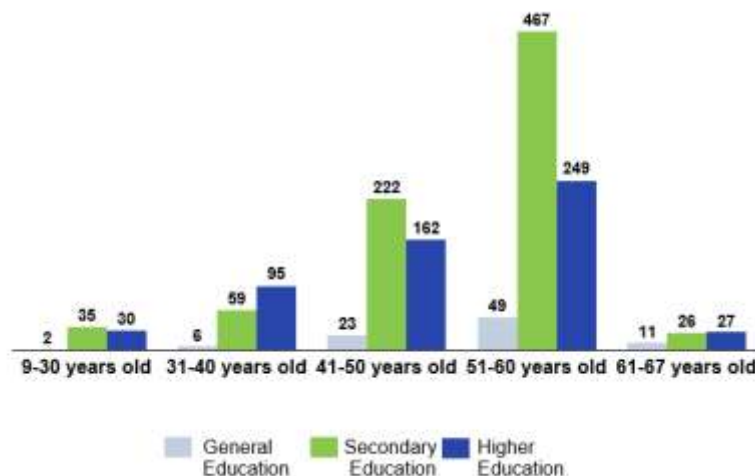


Chart 4 - Personnel structure by studies and age groups in 2022

In terms of the education level, the highest share is represented by employees who have medium and higher education and are between the ages of 41 and 60.

It should be noted that the 41 - 50 years age group is relatively well represented by the echelon of employees who will reach the standard retirement age in at least 12 years and a maximum of 25 years, and approximately 80 % of this echelon has a seniority in the company of more than 10 years.

In this regard, the immediate needs to fill the vacant positions are carefully monitored, in relation to the needs requested by the organizational entity, the complexity and diversity of the activities, the necessary professional skills, as well as the responsibilities related to the positions.

The effects of these risks may consist, as the case may be, in the increase of the medical leave expenses incurred by the company, increase in absenteeism, decrease in the quality of transport services, decrease in efficiency, increase in recruitment costs, demotivation of employees or union conflicts. The company has managed, through the measures taken, to maintain the social and personnel risks at a low level.

To manage the risks in this field, the company has taken the necessary measures to ensure the security and health protection of the employees, 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 safety and health regulations at work, taking into account the particularities of the activities and the jobs in the company. Furthermore, labor protection measures have been taken, specific for certain professions or activities. In drawing up measures for the safety and health at work, the company's management shall consult with the Trade Union or, as appropriate, with the representatives of the employees and with the Occupational Health and Safety Committee.

The personnel 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.

Personnel structure

The company Conpet S.A. has registered, at the end of 2022, a number of 1463 people.

In 2022, the number of higher education employees was 563, down by 16 people compared to 2021, while the number of secondary or general education employees has decreased from 964 people to 900 people.

Studies	Total	% in total employees	Women	% in total employees	Men	% in total employees
General	91	6.2 %	8	0.6%	83	5.7%
Secondary education	809	55.3 %	72	4.9%	737	50.3%
Higher education	563	38.5 %	211	14.4%	352	24.1%
Total	1,463	100%	291	19.9%	1,172	80.1%

Table 1 - Personnel structure by education level and gender as of December 31, 2022

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



Chart 5 - Evolution of the personnel structure by level of studies, between 2014 -2022

In terms of gender equality, every employee of the company is free to develop their own skills and express their options, without being influenced by the particularities of their gender.

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

The company's Internal Regulations includes provision for the prohibition of all forms of discrimination. Of the total personnel with higher education, 14.42% is represented by women. At the same time, women represent a percentage of 37.76% of the total personnel with management and/or coordination positions in the company, significantly higher than the previous year (37.41%). Achieving this weight ensures the participation of women in the decision-making and management process at all levels and in key areas of the company's activity.

Thus, according to the organization chart in force at 31.12.2022, the entities Deputy Director General, Deputy Director General 2, Economic Directorate and Development Investments Chief Engineer are led by women. Promoting equality at work is synonymous with significant economic benefits.

By eliminating any forms of discrimination within the company, women are free to choose their occupation upon their employment on any vacant job and at any level 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 activity carried out, as well as for the participation in professional qualification/retraining, improvement and specialization programs.

The company guarantees for all employees, regardless of gender, the application of the principle of equal pay and the right to other benefits paid by the employer to employees, directly or indirectly, in cash or in kind, according to their workplace.

The Conventions of the International Labor Organization (ILO), considered as fundamental labor principles and rights, concern freedom of association and the protection of trade union rights, the effective recognition of the right of collective organization and bargaining, the elimination of any form of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in matters of employment and profession, and represent guidelines and useful tools for the elaboration of the company's internal policies regarding employment, work, social dialogue, etc.

The unionization degree of the workforce at the end of 2022 is 98.64%. Throughout 2022, there were no elements of a conflicting nature between employees and the management of the company.

The company systematically and permanently informs employees 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 regarding the compliance with the equality of opportunities and treatment between men and women in labor relations.

Freedom of association and collective bargaining ensure good cooperation and consultation between workers and the employer, thus leading to a decrease in the number of labor conflicts and greater social stability.

The employees of CONPET S.A. benefit from adequate protection against any discriminatory acts that might infringe upon their freedom of association.

The practice of collective bargaining in CONPET S.A. guarantees that the worker and the employer have an equal weight in negotiations and that the decisions taken will be fair and equitable. Starting from the premise that social dialog is an important factor for socio-economic progress, being 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 enabled the social partners to negotiate a fair employment relationship and prevent labor disputes.

The activities and actions for entertainment and networking for employees were conducted between the trade union and employees, between the employees and family members, activities in partnership with public educational and cultural institutions, various events to which personalities were invited, etc.

CONPET S.A. promotes a transparent business climate, communication and cooperation with all the parties involved in the conduct of its business, respecting the community and the environment. The company supported, through sponsorship actions, projects with tradition or with a significant and lasting impact on the community, but also smaller-scale requests targeting ideas, actions or individual performance.

Professional Training and Authorization Activity

In order to develop the specific skills and basic abilities of the human capital, the training activities are carried out on an ongoing and planned basis, based on the company's annual training and professional programs, developed following identification and prioritization of CONPET S.A.'s personnel training needs.

The professional training of the company's personnel is carried out, mainly, by participating in external courses, organized in collaboration with certified trainers for all fields of activity within the company.

Also, professional training is conducted internally by trainers and experts from within the company, with comprehensive knowledge and experience relevant to the core business of the company. They hold professional training sessions and courses with the aim of updating job-specific knowledge and skills, as well as examining or checking the employees participating in the respective sessions. During the reporting period, the body of the internal trainers was expanded in other areas as well (e.g. counseling in the field of ethics and integrity, G.D.P.R., information security).

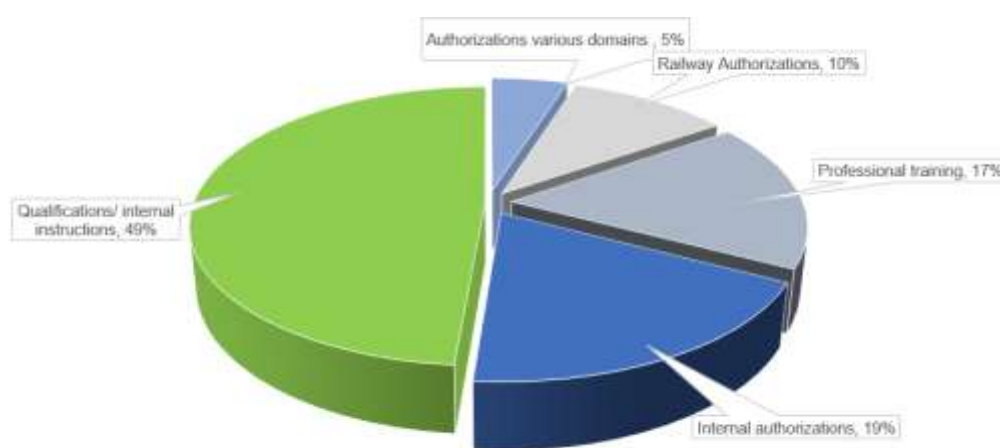
The training of the employees has two components: a professional one (technical, economic and other specialties) necessary to perform the duties in the job description and a general one on training and professional licensing in various fields.

CONPET S.A.'s management annually ensures, through the Revenues and Expenditure Budget, sources for the provision of professional training. Special attention is also paid to the training of the technical staff (maintenance and operations), mainly to attain new skills necessary to carry out, under safe conditions, the activities related to the National Transport System.

Cur. No.	Type of professional training/ authorization	Number of participations		
		2022	2021	2020
1	Various field authorizations (activity specific)	119	73	57
2	Railway (CF Ro.) authorizations	251	245	210
3	Professional training	413	302	220
4	Internal authorizations	450	439	452
5	Qualifications/internal authorizations	1,167	15	29
6.	Total number of trainings/authorizations	2,400	1,074	966

Table 2 - Structure of training/professional authorization courses in 2020 -2022

Chart 6 -



Type of

professional training and authorization in 2022

The situation of professional training expenses made during 2020-2022 is presented as follows:

Indicators (thousand RON)	2022	2021	2020
Authorization courses	188	128	166
Professional training courses	401	279	321
Total personnel training expenses	589	407	487

Table 3 Professional training expenses 2020-2022

The training and professional authorization activities of the company's employees for 2020-2022 were carried out in compliance with the approved revenue and expenditure budget.

Regulation on the assessment of the professional performance of CONPET S.A. employees

The professional performance evaluation of CONPET S.A. employees is carried out in accordance with the Regulation on the evaluation of individual professional performance of Conpet employees - Annex to the Internal Regulation.

The Regulation is in line with the provisions of the GSG Order no. 600/20.04.2018 approving the Internal Control Management Code, Law no. 53/2003 republished - the Labor Code, as well as the requests of the Board of Directors, which emphasize individual professional performance, a basic principle in labor relations.

The action for evaluating the professional performance of employees for the activity carried out in 2021 took place in 2022Q1, in accordance with the new Regulation for evaluating the performance of the employees.

After the centralization and processing of the information resulting from the evaluation of the professional performance of the employees for the activity carried out in 2021, the evaluation report of the performance of the employees was drawn up and submitted to the management. The evaluation report includes the results obtained by the employees following the performance of their evaluation, including the fulfillment degree of the individual SMART performance objectives of the employees in management positions.

At the end of 2022, additional documents to the individual employment contracts were concluded for employees with management positions, which contain, in the form analyzed and established at the level of each entity: individual objectives, performance indicators, target values and their associated weights for the activity from the year 2023.

4.5 Ethics and Integrity in Business, fighting corruption

CONPET S.A. 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.

The Ethics and Integrity Code established the rules of conduct and integrity, which regulate the values and principles of the anti-corruption strategy, corporate values, responsibilities, obligations and business conduct, mandatory rules, applicable to all employees, from all the organizational structures of CONPET S.A.

The Ethics and Integrity Code defines honest conduct and behavior, prohibits the participation of employees in the decision-making process in situations where there is a conflict of interests, imposes restrictions in terms of offering/accepting gifts, favors or services, establishes the obligations incumbent on employees regarding 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 travels. Clear rules for dealing with shareholders regarding equal treatment and privileged information are mentioned also, as well as the use of honest and lawful practices in dealing with business partners.

In order to implement the National Anticorruption Strategy 2021 - 2025 (Ro. S.N.A.), during 2022 the following were adopted and disseminated through various means of communication (e-mail/publication on the company's website/the internal network info/conpet): The declaration on assuming the organizational integrity agenda in the coordinates of the National Anticorruption Strategy 2021 – 2025

and the Integrity Plan of CONPET S.A., Annex to the Decision of the Director General of CONPET S.A. detailing, in a particular manner, the measures applicable to CONPET S.A., subsumed by the general and specific objectives stipulated in the N.A.S.

The regular personnel awareness activity had an amplitude within the company in the field of integrity, through the actions undertaken during 2022 in relation to the internal/external training of the personnel regarding:

- the provisions of GD 1269/2021 on the approval of the National Anticorruption Strategy 2021-2025 and the documents related thereof. A significant number of the company's management personnel has been trained, the topic being: ethics, integrity, conflicts of interest and incompatibilities, the system of reporting irregularities, practical measures for the implementation of national anticorruption strategies in a public entity, the integrity plan, practical aspects regarding the implementation of institutional transparency and corruption prevention measures, specific aspects of the implementation of the provisions of GD no. 599/2018, specific aspects regarding the implementation of prevention measures in certain situations;

- the provisions on the rules regarding conflicts of interest and incompatibilities, the provisions of the Criminal Code on some corruption acts, the provisions of the Ethics and Integrity Code of Conpet S.A. (approved at the Board of Directors meeting on 22.09.2022), the provisions on gifts/goods received free of charge within protocol actions, the provisions on declarations of assets and interests;

- the provisions of operational procedures and other internal information materials related to anti-bribery, conflicts of interest and incompatibilities, prevention of pantouflage, integrity warnings.

Following the training on conflict of interest rules and incompatibilities, in 2022, there was also an assessment/verification of the knowledge acquired by the management personnel and TESA. Consequently, the internal awareness and education program regarding the rules in terms of conflict of interests and the incompatibilities which took place between 09.10.2022 - 23.12.2022 was completed by obtaining high scores from our personnel, namely:

- 99.34% of the total TESA personnel were trained and tested, at the start of the program;
- the degree of knowledge of the rules on conflicts of interest and incompatibilities is 100% (number of employees who obtained the rating VERY GOOD and GOOD/number of employees tested *100).

The measures provided for in the Integrity Plan adopted in 2022, in connection with the development of programs/training sessions, internal training and awareness in the field of anticorruption education have been fully implemented. The organization of the training program assumes that, if a company ensures the efficient functioning of promoting an ethical and upright behavior, causing attitudinal change among its personnel, then this system may limit deviations from anticorruption norms, internal conflicts, theft of company assets and fraud, use of the company resources for purposes other than those for which they are intended, the use of its image for the personal benefit of the employees or sabotaging the company's interests by misconduct of the employees in relation to customers or business partners, namely corruption etc. The functioning of such a system contributes to the strengthening of the internal integrity system and the employee's sense of security, to their identification with the company's values, and therefore to a higher performance of the company.

In accordance with GEO no. 109 dated November 30, 2011 on the corporate governance of public enterprises, with subsequent amendments and additions and within the Program for the development of the Internal Management Control System, elaborated in compliance with the G.S.G.O no. 600/2018, considering the need to build a culture of integrity within CONPET S.A., has been revised and approved by the Board of Directors (in the meeting dated 22.09.2022) the Ethics and Integrity Code (drafted and approved in the meeting dated 22.05.2021).

The company was not notified of any integrity incidents related to the conflicts of interest regime or incompatibilities whose resolution was made following the immutability of a finding issued by the National Integrity Agency (Ro. A.N.I.).

4.6 The Anti-Bribery Policy

For CONPET S.A., conducting business and process deployment by the observance of the highest ethics and integrity standards is a constant concern.

As an operator of the crude oil, rich gas, condensate and ethane national pipeline transport system, CONPET S.A. acceded to the national anticorruption strategy and implemented appropriate integrity plans.

Through the anti-bribery policy, CONPET S.A. commits to not tolerate any bribery act, to not manifest any type of sanction or retaliation against any employee or relevant third party for refusing to be part of a bribery and to comply with the anti-bribery legislation applicable to the organization.

Following the external audit carried out in July 2022, the SRAC CERT certification body certified the anti-bribery management system implemented in the organization CONPET S.A., in accordance with the requirements of ISO 37001.

4.7 Issues related to the diversity policy in relation to the administrative and managerial bodies

CONPET SA is a company listed on the Bucharest Stock Exchange and, according to the capital market legislation, the decision for the appointment of the members of the Board of Directors 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 nominations of candidates and the result of the voting in elections have always ensured an appropriate degree of diversity with regards to the profile of the administrators, coverage of professional expertise areas or age thereof.

On December 31, 2022 the Board of Directors consisted of five male and two female persons with professional experience in economics, engineering and law.

5. The economic capacity of the company CONPET S.A.

Statement of the Financial Standing

Indicators (thousand RON)	2022	2021	2020	Variation%	
				2022/2021	2021/2020
ASSETS					
Intangible assets					
Tangible assets	607,025	512,823	504,534	▲ 18.4%	▲ 1.6%
Intangible assets	6,855	6,942	4,313	▼ 1.3%	▲ 61.0%
Financial Assets	2,537	411	1,112	▲517.3%	▼ 63.0%
Deferred corporate tax receivables	6,153	4,637	4,956	▲ 32.7%	▼ 6.4%
Total non-current assets	622,570	524,813	514,915	▲ 18.6%	▲ 1.9%
Current assets					
Inventories	6,867	5,312	5,912	▲ 29.3%	▼ 10.1%
Trade receivables and other receivables	49,187	48,922	40,260	▲ 0.5%	▲ 21.5%

Indicators (thousand RON)	2022	2021	2020	Variation%	
				2022/2021	2021/2020
Cash and cash equivalents	127,673	191,751	198,257	▼ 33.4%	▼ 3.3%
Prepaid expenses	1,252	624	603	▲ 100.6%	▲ 3.5%
Total current assets	184,979	246,609	245,032	▼ 25.0%	▲ 0.6%
TOTAL ASSETS	807,549	771,422	759,947	▲ 4.7%	▲ 1.5%
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	17,101	18,360	20,932	▼ 6.9%	▼ 12.3%
Other reserves	533,898	517,047	500,269	▲ 3.3%	▲ 3.4%
Retained Earnings	37,149	46,289	40,679	▼ 19.8%	▲ 13.8%
Result of the year	61,664	51,929	60,847	▲ 18.8%	▼ 14.7%
Total equity	684,096	667,909	657,011	▲ 2.4%	▲ 1.7%
Long-term trade liabilities	-	1,288	-	-	-
Long-term trade liabilities to employees	23,069	16,629	19,864	▲ 38.7%	▼ 16.3%
Other long-term liabilities	2,749	3,458	3,470	▼ 20.5%	▼ 0.3%
Total long-term liabilities	25,818	21,375	23,334	▲ 20.8%	▼ 8.4%
Current liabilities					
Trade liabilities	43,915	32,148	23,584	▲ 36.6%	▲ 36.3%
Current Corporate Tax	1,997	2,049	738	▼ 2.5%	▲ 177.6%
Other liabilities	27,569	27,106	29,893	▲ 1.7%	▼ 9.3%
Short-term liabilities	14,364	12,066	14,128	▲ 19.0%	▼ 14.6%
Short-term provisions	9,790	8,769	11,259	▲ 11.6%	▼ 22.1%
Total current liabilities	97,635	82,138	79,602	▲ 18.9%	▲ 3.2%
TOTAL LIABILITIES	123,453	103,513	102,936	▲ 19.3%	▲ 0.6%
TOTAL EQUITIES AND LIABILITIES	807,549	771,422	759,947	▲ 4.7%	▲ 1.5%

Table 4 - Company's Statement of the financial standing during 2020-2022

Statement of the Global Result

The evolution of the main financial indicators of the profit and loss account and other global result elements, during 2020-2022, is presented below:

Indicator (thousand RON)	2022	2021	2020	Variation%	
				2022/2021	2021/2020
Revenues from contracts	472,233	412,787	406,928	▲ 14.4%	▲ 1.4%
Other revenues	44,425	40,684	40,708	▲ 9.2%	▼ 0.1%
Earnings from disposal of assets	5,402	4,915	0	▲ 9.9%	-
Total operating revenues	522,060	458,386	447,636	▲ 13.9%	▲ 2.4%
Expenditure on inventories	6,934	5,448	6,106	▲ 27.3%	▼ 10.8%
Expenses with energy and water	33,739	16,553	12,465	▲ 103.8%	▲ 32.8%
Personnel expenses	180,923	168,219	162,559	▲ 7.6%	▲ 3.5%
Value adjustments of fixed assets, less adjustments related to rights of use resulted from lease contracts	53,075	51,939	47,385	▲ 2.2%	▲ 9.6%
Value adjustments on rights of use resulted from leasing contracts	1,987	1,673	1,926	▲ 18.8%	▼ 13.1%
Value adjustments on current assets	(767)	278	(347)	-	-
Expenses related to external services	114,242	109,776	107,482	▲ 4.1%	▲ 2.1%

Indicator (thousand RON)	2022	2021	2020	Variation%	
				2022/2021	2021/2020
Loss from disposal of assets	-	-	41	-	-
Provision adjustments	6,753	(4,144)	(2,802)	-	-
Other expenses	62,405	50,907	47,805	▲ 22.6%	▲ 6.5%
Total Operating Expenses	459,291	400,649	382,620	▲ 14.6%	▲ 4.7%
Operating Profit	62,769	57,737	65,016	▲ 8.7%	▼ 11.2%
Financial Revenues	9,839	3,428	6,123	▲ 187.1%	▼ 44.0%
Financial Expenses	469	330	686	▲ 42.1%	▼ 51.9%
Financial profit	9,370	3,098	5,437	▲ 202.5%	▼ 43.0%
Profit before corporate tax	72,139	60,835	70,453	▲ 18.6%	▼ 13.7%
Expenses with current income tax	11,686	9,155	9,177	▲ 27.6%	▼ 0.2%
Expenses with (revenues coming from) deferred corporate tax	(1,211)	(249)	429	-	-
Profit of the year	61,664	51,929	60,847	▲ 18.8%	▼ 14.7%
Other global result elements which will not be reclassified later on in profit or loss	(1,599)	3,383	216	-	-
Net increase of the modernization quota reserve	17,409	9,811	3,193	▲ 77.4%	▲ 207.3%
Total other global result elements that will not be subsequently reclassified as profit or loss	17,409	9,811	3,193	▲ 77.4%	▲ 207.3%
Total other global result elements	15,810	13,194	3,409	▲ 19.8%	▲ 287.0%
Total global result	77,474	65,123	64,256	▲ 19.0%	▲ 1.3%
Earnings per share	7.12	6.00	7.03	▲ 18.7%	▼ 14.7%

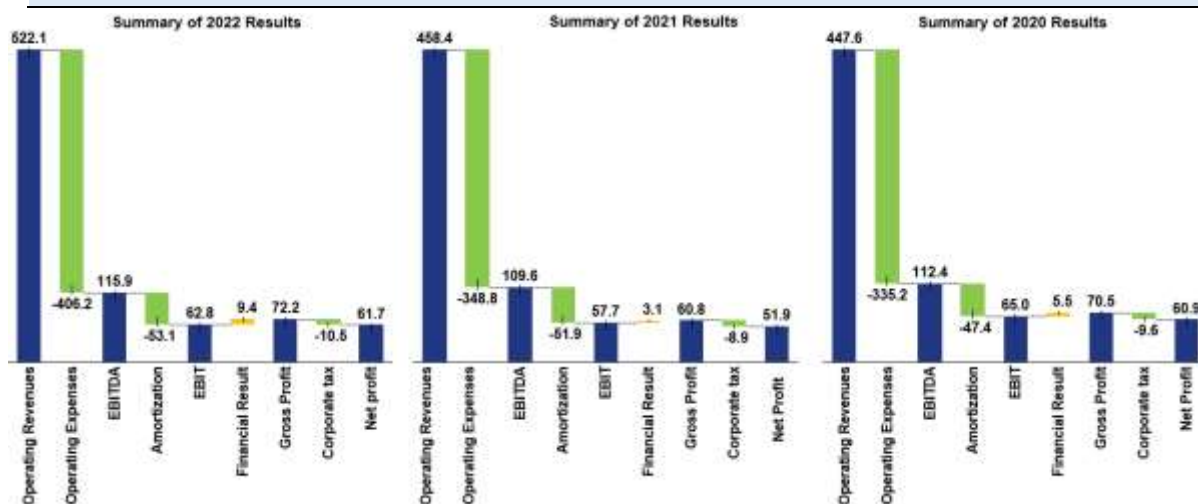


Table 5
– Global financial results during 2020-2022

Chart 7

Synthesis of the financial results during 2020-2022 (mRON)

6. Social and Corporate Responsibility (CSR)

Corporate social responsibility is a desideratum of the contemporary world and an important premise of the business environment. Corporate Social Responsibility is an inherent part of CONPET's strategy. Respect for people, developing relationships with employees by creating civilized working conditions, adopting measures regarding the health and safety of employees, providing incentives for the personal and professional motivation of employees, responsibility towards the environment and involvement in community life are essential values and major priorities for CONPET.

In this context, concerned with the health and safety of employees, as well as with the social protection of employees after the retirement age, CONPET pays on behalf of employees, within the limits of the

Revenues and Expenditure Budget, premiums related to voluntary health insurance in accordance with the provisions of Law no. 95/2006 and the Fiscal Code, as well as an annual contribution of up to the equivalent in RON of 400 Euro per employee to the stakeholder pension fund - Pillar III (Ro. Pilon III), based on the contract concluded by the employee with the fund they opted for.

Employees motivations can thus have beneficial effects on attitudes at work, trust in top management, reputation of the organization, job satisfaction and even performance, since employees of a responsible company are the greatest ambassadors of that brand.

Internal and external communication actions (Facebook page) that promote important events in the company's life, culture, prominent personalities of culture, as well as the most important national historical moments were continued.

The premiere of 2022 was represented by the first Blood Donation Campaign among CONPET employees. Carried out in collaboration with the Blood Transfusion Center Ploiesti, the action proved to be a success by the great involvement of the employees, materialized in a gesture of empathy and solidarity, in the context in which Romania is facing a critical situation in the field.

Sponsorship

The sponsorship activity was performed in compliance with the annual Revenues and Expenditure Budget, falling within the sponsorship expenses broken down by areas of interest.

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

Social activities, competitions and internal manifestations specific to the organizational culture, were also carried out. The informative actions were continued by distributing daily, to Conpet employees, the official data on COVID-19 made by the Strategic Communication Group - Ministry of Internal Affairs, as well as the articles published in the national and international press about the evolution of the pandemic, the measures taken at a national and international level, namely the prevention rules.

In 2022, CONPET S.A. continued to support the modernization of the health units in Prahova County for the realization of major projects in the medical and health field. Thus, sponsorships were granted for:

- Ploiesti Municipal Hospital - the Oncology section, project: modernization with medical equipment and medical furniture;
- C.F. General Hospital Ploiesti - equipment with facilities absolutely necessary for the proper functioning of the hospital;
- The Pneumophthisiology Hospital Florești - fitting out with medical equipment.

The company also contributed to the purchase of sanitary equipment and materials for the continuation of medical/surgical activity in hospitals in the Republic of Ukraine.

In 2022, the company also supported projects that have become traditional, such as equipping rural and urban educational institutions with IT equipment in order to improve students' access to modern educational resources, supporting sports activities for the benefit of children and young people in Prahova County and sponsoring one of the most prestigious cultural institutions in Prahova - Ploiesti Philharmonic.

For the year 2022, in the Revenues and Expenditure Budget of CONPET S.A., sponsorship expenses amounting to **800 thousand RON** were provided.

During 2022, 30 sponsorship contracts were concluded, amounting to a total of 773 thousand RON, representing 97% of the budget approved for sponsorships in 2022.

During the company's Board of Directors meetings, over the period 01.01-31.12.2022, sponsorships amounting to **773 thousand RON** were approved, as follows:

- 294 thousand RON - "Education, schooling, social and sports";
- 350 thousand RON - "Medical care and health"
- 129 thousand RON - "Other actions and activities".

The statement of the sponsorship is disseminated to the public by the publishing of an annual report with the sponsorship awarded by CONPET S.A. on the company website, at the following address <https://www.conpet.ro/wp-content/uploads/2023/01/Annual-Report-Sponsorships-2022-.pdf>.

7. Identification and assessment of activities as per the EU Taxonomy

The (EU) 2020/852 Regulation establishes the general framework for determining whether an economic activity qualifies as environmentally sustainable and establishes the classification system for environmentally sustainable economic activities from this perspective (EU Taxonomy).

The taxonomy ensures the use, by all member states of the European Union, of a common concept and provides a structured method for evaluating and identifying ecologically sustainable economic activities.

According to the Regulation, an economic activity qualifies as sustainable with regard to environmental aspects if that economic activity substantially contributes to one or more environmental objectives, does not significantly harm any of the environmental objectives and respects both the minimum guarantees defined by the Regulation, as well as the technical examination criteria.

The six environmental objectives defined by the regulation are:

- a) Climate change mitigation;
- b) Climate change adaptation;
- c) Sustainable use and protection of water and marine resources;
- d) Transition to a circular economy;
- e) Pollution prevention and control;
- f) Protection and restoration of biodiversity and ecosystems.

Article 8 Para. (1) of the (EU) 2020/852 Regulation requires entities whose securities are traded on a regulated market to provide information on how and to what extent their activities are associated with sustainable economic activities from the environmental standpoint.

Article 8 Para. (2) of the (EU) 2020/852 Regulation requires non-financial enterprises to provide information on the proportion of environmentally sustainable economic activities in the turnover, capital expenditure and operating expenditure exploitation.

Eligibility assessment according to the EU Taxonomy

An economic activity is eligible for the EU Taxonomy if it corresponds to the description of the activity in the Taxonomy.

In order to identify the eligible activities within CONPET, which qualify as activities that sustainably contribute to mitigating climate change, namely to adapting to climate change and for which any significant damage to any of the other environmental objectives presented in the Regulation must be

determined, the main income-generating economic activities were compared with the activities described in Annex I, namely Annex II of the (EU) 2021/2139 Delegated Regulation.

The main activity of the company CONPET is represented by pipeline transport (NACE Code 4950) and generates 99.5% of the revenues included in the turnover.

Following the comparison with the activities described in the (EU) 2021/2139 Delegated Regulation, it resulted that in 2022 there were no activities that would substantially contribute to mitigating climate change or adapting to climate change, since the activity of transporting crude oil, rich gas, condensate and ethane is not among the activities listed in Annex I and Annex II to the Regulation.

Alignment assessment according to the EU Taxonomy

Since no economic activities eligible for the Taxonomy have been identified, by default, there are also no activities aligned to the Taxonomy in the year 2022.

In conclusion, for the year 2022, no activities have been identified that meet the necessary conditions to be considered eligible or aligned with the Taxonomy. Consequently, the share in turnover, in capital expenses and operating expenses related to economic activities that qualify as environmentally sustainable is zero.

CHAIRMAN OF THE BOARD OF DIRECTORS
Gheorghe Cristian – Florin

Director General
Eng. TUDORA Dorin

Deputy Director General
Jr. DUMITRACHE Mihaela Anamaria

Economic Director
Econ. TOADER Sanda