

Subject to analysis and endorsement in the BoD meeting dated 16.11.2023 and approval in the O.G.M.S. meeting dated 19.12.2023

Nr.41451/16.11.2023

Note:

**on the approval, by the General Meeting of
Shareholders, of the financial and non-financial
performance indicators**

I. THE ADMINISTRATIVE AND EXECUTIVE MANAGEMENT

Administrative management

In accordance with the provisions of the Articles of Incorporation of CONPET S.A., “*The company is administered by a Board of Directors consisting of 7 (seven) administrators*” art. 19 para. (1) and “*The administrators are elected by the ordinary general meeting of shareholders, in compliance with the applicable legal provisions and with this Articles of Association*” – art. 15 para. (3).

The Ordinary General Meeting of Shareholders, by Decision no. 4 from **August 18th, 2023**, approves the election of 7 non-executive members of the Board of Directors of Conpet S.A., for a term of 4 years, starting with 22.08.2023, as follows:

- ✓ Gheorghe Cristian - Florin
- ✓ Buică Nicușor - Marian
- ✓ Kohalmi - Szabo Luminița - Doina
- ✓ Tănăscă Oana - Cristina
- ✓ Gavrilă Florin – Daniel
- ✓ Zaman Andrei - Mihai
- ✓ Dănilă Alin - Mihaiel

The Executive Management

As per the provisions of the Articles of Incorporation (art.21) “*The Board of Directors shall delegate the company's management to one or more Directors, appointing one of them in the capacity of Director General. For the purposes of this Articles of Incorporation, director means that person to whom management duties of the company have been delegated by decision of the Board of Directors and who concludes a contract of mandate with the Company, in accordance with the applicable legal provisions.*”

The Board of Directors, in the meeting dated **October 19th, 2023** has delegated the management duties and appointed the directors of the company for a period of 4 years, starting 20.10.2023 up to 19.10.2027, as follows:

- ✓ Director General: Dorin TUDORA
- ✓ Deputy Director General: Mihaela - Anamaria DUMITRACHE
- ✓ Economic Director: Sanda Toader

The directors, for the purposes of the provisions of Art.143, para (5) of Law no.31/1990 are defined as follows: “*For the purpose of this law, the director of the joint-stock company shall only be that person to whom powers of management of the company were delegated in compliance with paragraph (1).*”



e-mail: conpet@conpet.ro
www.conpet.ro

measurement of the company's performance represents a process of improvement of the activities carried out and the use of the resources involved in view of an effective fulfillment of the strategic objectives undertaken by the administrators and management by way of the Company's Administration plan, which plan includes the administration component and the key financial and non-financial performance indicator for the calculation of the variable component of the remuneration.

The strategic objectives included in the company's administration Plan for the period 2023 - 2027 are derived from the Letter of Expectations of the majority shareholder, the Romanian state, by the Ministry of Energy, and with those of other shareholders and aim at increasing efficiency and improving the performance of the activity, developing new related and non-basic activities, ensuring effective management in human resources management, ensuring modern management by implementing and maintaining risk management, control, ethics, integrity and corporate governance processes, as well as ensuring a balance between dividends policy and that regarding the provision of the necessary funds for investment programs engaged by the company for development and modernization.

The administration Plan comprises measures and actions for the fulfillment of the main objectives mentioned hereabove:

- ✓ Optimization of the operation and administrative costs;
- ✓ Making investments aimed at reducing technological consumption in the transport process, reducing energy consumption;
- ✓ The settlement of the pumping scenarios according to the forecasted quantities;
- ✓ The increase of NTS performance by continuation of the investment/modernization/revamping works;
- ✓ The development of the storage activity of crude oil and oil products for third parties;
- ✓ Electric power production out of renewable sources;
- ✓ Optimizing the organizational structure and constantly adapting human resources in correlation with the technical and economic requirements and realities of the company, optimal sizing of the need for human resources in relation to the real needs of activity and development of the company in order to increase labor productivity;
- ✓ The continuous development of the specific competencies and basic skills of the human capital of the company
- ✓ Maintaining and respecting the principles of corporate governance and the values and principles of integrity defined in the Code of Ethics and Integrity of CONPET SA.;
- ✓ Development and improvement of the internal control management system;
- ✓ Maintaining and improving risk management (identifying risks that may affect the achievement of objectives, establishing and implementing risk control measures);
- ✓ Continuous improvement of an integrated management system (quality- environment- occupational health and safety at work-energy-antibribery) and railway safety management system implemented and certified by CONPET SA;
- ✓ Compliance with environmental permit requirements and establishing appropriate measures for significant environmental issues, limiting the environmental impact;
- ✓ Elements related to ethics and integrity;
- ✓ The communication with the shareholders and other stakeholders
- ✓ The dividend policy will be responsible, prudent and predictable, appropriate to the specific situation of the company and will respect its investment development needs.

II. Financial and Non-Financial performance indicators

Considering the provisions of the GEO no.109/2011 on corporate governance, with subsequent amendments and completions, ART. 30:

"(3) Within 5 days of the full approval of the administration plan, by the care of the chairman of the Board of Directors or the supervisory board, the general meeting of shareholders shall be convened, in view of

negotiating and approving the key performance indicators endorsed in advance by the Agency for Monitoring and Evaluation of Public Enterprise Performance (Ro. AMEPIP), resulting from the management plan, starting from the level of key performance indicators assumed by the declarations of intent drawn up by the appointed administrators. The indicators negotiated and approved by the general meeting of shareholders shall be communicated to AMEPIP within 15 days of the approval for their final approval and inclusion in the scoreboard.

(4) The negotiation of financial and non-financial performance indicators based on the administration plan shall be carried out within 45 days from the date of their communication by the Board of Directors or the Board of Supervisors to the public guardianship authority. In the event of an extension of the negotiation period by the public guardianship authority, which may not exceed 30 days, it may request AMEPIP to participate in the negotiations in order to mediate a solution for the benefit of the public enterprise.

(6) Financial and non-financial performance indicators negotiated and approved by the general meeting of shareholders, finally endorsed by AMEPIP, are elements against which the variable component of the remuneration of directors and directors of the public undertaking is being determined. "

The most relevant strategic objectives and the related lines of action are an ensemble underlying the construction of the set of key financial and non-financial performance objectives and indicators (hereinafter called KPI), annex to the mandate contracts.

The selected performance indicators respects the following criteria:

- ✓ are in accordance with the legislation in force;
- ✓ are important for achieving the policy objectives of the Government and the public guardianship authority;
- ✓ are related to favorable results in the energy sector;
- ✓ Are related to obtaining favorable results for the company, corresponding to the energy/oil field.

The financial and non-financial key performance indicators (KPI) for the calculation of the variable component of remuneration are defined in accordance with the provisions and criteria set out in:

Annex 2 Methodological norms for establishing the financial and non-financial performance indicators and the variable component of the remuneration of the members of the Board of Directors of public enterprises, as well as of the directors - from GD no.639/2023 for the approval of the Methodological Norms for the application of some provisions of the GEO no. 109/2011 on the corporate governance of public enterprises.

PERFORMANCE INDICATORS

In accordance with art. 4 of GD no. 639/2023 for the approval of the Methodological Norms for the application of the Government Emergency Ordinance no.109/2019 on the Governance of public enterprises, the performance indicators are intended to provide a picture of the performance and operations of the public enterprise to compare it with other similar enterprises. The performance indicators as per the same normative act are classified according to the manner of use:

- a) The performance indicators for monitoring the performance of public enterprises;
- b) The key performance indicators for granting the variable remuneration component for administrators and directors.

According to the provisions of art. 4 ^ 7 para (2) of the Government Emergency Ordinance no.109/2011, the categories of financial performance indicators mandatory and applicable to all public enterprises are the following:

- a) the investment policy
- b) financing
- c) operations;
- d) profitability
- e) the distribution rate of profit as dividends.

A. The performance indicators for monitoring the performance of the company CONPET;

Crt. No.	Category / group of indicators	Company's Performance Indicators	Performance Objective
1.	Investment Policy	Capital expenditure ratio	Increase of the efficiency of the National Transport System of crude oil, rich gas, condensate and ethane
2.	Financing	General solvency (leverage)	Ensuring the capacity to pay the total debts
3.	Operations	Assets turnover	Ensuring the efficiency of asset management
4.	Profitability	Return of assets (ROA)	The achievement of a profitability of assets over the 4% level
5.	Dividends policy	Dividends distribution rate from the net profit of the financial year	Maintaining a sustainable dividend policy
6.	Corporate Governance	Implementation of the actions set out in the Program for the development of the internal control management system	Development of the management internal control system in compliance with the legal requirements in force
7.	Corporate Governance	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the legal reporting terms
8.	Corporate Governance	The settlement of the risks management policy	Efficient and effective risk management that could affect the achievement of the company's objectives

Target values of the performance indicators for monitoring the performance of the company CONPET

Crt. No.	Category of indicators	Company's Performance Indicators	Performance Objective	Target values				
				2023	2024	2025	2026	2027
1.	Investment Policy	Capital expenditure ratio	Increase of the efficiency of the National Transport System of crude oil, rich gas, condensate and ethane	≥6.5%	≥6.5%	≥6.5%	≥6.5%	≥6.5%
2.	Financing	General solvency (leverage)	Ensuring the capacity to pay the total debts	Max 0.25	Max 0.25	Max 0.25	Max 0.25	Max 0.25
3.	Operations	Assets turnover	Ensuring the efficiency of asset management	min 0.5	min 0.5	min 0.5	min 0.5	min 0.5
4.	Profitability	Return of assets (ROA)	The achievement of a profitability of assets over the 4% level	≥4%	≥4%	≥4%	≥4%	≥4%
5.	Dividends policy	Dividends distribution rate from the net profit of the financial year	Maintaining a sustainable dividend policy	≥65%	≥65%	≥65%	≥65%	≥65%
6.	Corporate Governance	Performance of the actions set out in the Program for the development of the internal control management system	Development of the management internal control system in compliance with the legal requirements in force	≥90%	≥90%	≥90%	≥95%	≥95%
7.	Corporate Governance	Duly reporting of the degree of achievement of the	Framing within the legal reporting terms	100%	100%	100%	100%	100%

Crt. No.	Category of indicators	Company's Performance Indicators	Performance Objective	Target values				
				2023	2024	2025	2026	2027
8.		performance indicators of the company						
	Corporate Governance	The settlement of the risks management policy	Efficient and effective risk management that could affect the achievement of the company's objectives	-	YES	-	-	-

The description of the performance indicators for monitoring the performance of CONPET SA can be found in Annex no.4.

B. The key performance indicators (KPI) for the calculation of the annual variable component of the non-executive administrators remuneration

In the mandate contract approved in the GMS from 18.08.2023 it was provided, in item VII "The Administrator Rights", at art.15, that administrators benefit from a variable component that is determined and granted according to the fulfillment of the objectives contained in the Administration Plan and of the financial and non-financial performance indicators approved by GMS.

The performance indicators are classified as financial and non- financial.

The non-financial indicators are: operational, oriented towards public services and responsibilities specific to the corporate governance activity.

Crt. No.	Category / group of indicators	Company's Performance Indicators	Performance Objective
A. KEY FINANCIAL PERFORMANCE INDICATORS			
1.	Investments/Investment policy	Investment realization	Realization of minimum 75% of the annual Investments Plan financed out of the modernization quota
2.	Liability/Financing	Current liquidity	Ensuring the ability to pay current liabilities from current assets
3.	Flux/Operations	Assets turnover	Ensuring the efficiency of asset management
4.	Profitability/Rentability	Return on equity (ROE)	Maintaining the return on equity higher than 5%
5.	Dividends policy	Dividends distribution rate from the net profit of the financial year	Maintaining a sustainable dividend policy
6.	Cost	Total expenses per each 1000 RON of total revenues	Maintaining at the level provided in the annual Budget
B. KEY NON-FINANCIAL PERFORMANCE INDICATORS			
B1. KEY OPERATIONAL PERFORMANCE INDICATORS			
7.	Operational	Monitoring of the annual electricity average specific consumption for technological purposes	Maintaining the annual electric power average specific technological consumption at a level of max 3.2 Kwh/to
8.	Operational	Ensuring the maintenance of the NTS	Realization of minimum 90% of the annual program of planned technical revisions
B2 KEY PERFORMANCE INDICATORS OF CORPORATE GOVERNANCE			

Crt. No.	Category / group of indicators	Company's Performance Indicators	Performance Objective
9.	Corporate Governance	The number of meetings of the Board of Directors held along the year	Minimum one meeting per month of the Board of Directors (in correlation with the mandate period)
10.	Corporate Governance	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the legal reporting terms
11.	Corporate Governance	Performance of the actions set out in the Program for the development of the internal control management system	Development of the management internal control system in compliance with the legal requirements in force
12.	Corporate Governance	Settlement of the risks management policy	Efficient and effective risk management that could affect the achievement of the company's objectives

B3. KEY PERFORMANCE INDICATORS ORIENTED TOWARDS PUBLIC SERVICES

13.	Indicators referring to employees	Clients' satisfaction score related to the crude oil and derivatives transport activity (number of responses, 4 and 5 in total number of clients responses)	Clients' satisfaction related to the crude oil and derivatives transport activity (the number of responses, 4 and 5 in total number of clients responses minimum 90%).
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Target values of Key Performance Indicators (KPIs) for the non-executive administrators

Crt No	Company's Performance Indicators	Performance Objective	Target values				
			2023	2024	2025	2026	2027
A. KEY FINANCIAL PERFORMANCE INDICATORS							
1.	Investment realization	Realization of minimum 75% of the annual Investments Plan financed out of the modernization quota	≥75%	≥75%	≥75%	≥75%	≥75%
		Verification tool	The execution of the annual investment program, endowments and financing sources, annex No. 4 to the approved Budget according to OMPF no. 3818/2019				
2.	Current liquidity	Ensuring the ability to pay current liabilities from current assets	≥1	≥1	≥1	≥1	≥1
		Verification tool	Audited annual financial statements - Standing of the Financial Position				
3.	Assets turnover	Ensuring the efficiency of asset management	≥0.5	≥0.5	≥0.5	≥0.5	≥0.5
		Verification tool	Audited annual financial statements - Standing of the financial position and Statement of the profit and loss and other elements of the global result				
4.	Return on equity (ROE)	Maintaining the return on equity higher than 5%	>5%	>5%	>5%	>5%	>5%

Crt No	Company's Performance Indicators	Performance Objective	Target values									
			2023	2024	2025	2026	2027					
	Verification tool		Annual financial statements - Standing of the financial position and Statement of the profit and loss and other elements of the global result									
5.	Dividends distribution rate from the net profit of the financial year	Maintaining a sustainable dividend policy	≥65%	≥65%	≥65%	≥65%	≥65%					
	Verification tool		Audited annual financial statements, Note on the distribution of the net profit related to the financial year ended, annual budgetary Execution Annex no.1									
6.	Total expenses per each 1000 RON total revenues	Maintaining the level provided in the annual Budget	100% acc. Annual Budget	100% acc. Annual Budget	100% acc. Annual Budget	100% acc. Annual Budget	100% acc. Annual Budget					
	Verification tool		Budgetary execution Annex 1 and Statement of the profit and loss and other elements of the global result									
B. KEY NON- FINANCIAL PERFORMANCE INDICATORS												
B1. KEY OPERATIONAL PERFORMANCE INDICATORS												
7.	Monitoring of the annual electricity average specific consumption for technological purposes	Maintaining the annual electric power average specific technological consumption at a level of max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to					
	Verification tool		Annual Report of the Development Maintenance Head of Unit									
8.	Ensuring the maintenance of the NTS	Realization of minimum 90% of the annual program of planned technical revisions	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%					
	Verification tool		Annual Program of planned technical revisions and Annual Report of the Development Maintenance Head of Unit									
B2 CORPORATE GOVERNANCE KEY PERFORMANCE INDICATORS												
9.	The number of meetings of the Board of Directors held along the year	Minimum one BoD meeting per month (in correlation with the mandate period)	min.one meeting/ month	min.one meeting /month	min.one meeting /month	min.one meeting /month	min.one meeting /month					
	Verification tool		Decisions of the Board of Directors									
10.	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the legal reporting terms	100%	100%	100%	100%	100%					
	Verification tool		The date of the actual submission of the reports/ reporting date scheduled by calendar/normative act, administrative of the reports									
11.	Performance of the actions set out in the Program for the	Development of the management internal control system in	≥90%	≥90%	≥90%	≥95%	≥95%					

Crt No	Company's Performance Indicators	Performance Objective	Target values				
			2023	2024	2025	2026	2027
12.	development of the internal control management system	compliance with the legal requirements in force					
	Verification tool	The program for the development of the internal management control system, the annual Report on the internal management control system					
13.	The settlement of the risks management policy	Efficient and effective risk management that could affect the achievement of the company's objectives	-	YES	-	-	-
	Verification tool	Elaborated risk management policy					
B3. KEY PERFORMANCE INDICATORS ORIENTED TO PUBLIC SERVICES							
13.	Clients satisfaction score related to the crude oil and derivatives transport activity (number of responses, 4 and 5 in total number of clients responses)	Clients' satisfaction related to the crude oil and derivatives transport activity (the number of responses, 4 and 5 in total number of clients responses minimum 90%).	≥90%	≥90%	≥90%	≥90%	≥90%
	Verification tool	Customer Satisfaction Survey and Annual Customer Satisfaction Assessment Report					

Proposals for KPI weights used in the process of determining the variable remuneration of non-executive directors

Indicators	Weights				
	2023	2024	2025	2026	2027
A. Financial indicators	20%	20%	20%	20%	20%
B. Non-financial indicators, o/w:	80%	80%	80%	80%	80%
B1. Operational indicators	20%	20%	20%	20%	20%
B2. Corporate governance indicators	50%	55%	50%	50%	50%
B3. Oriented towards public services	10%	5%	10%	10%	10%

Crt. No.	Company's Performance Indicators	Weights				
		2023	2024	2025	2026	2027
A. KEY FINANCIAL PERFORMANCE INDICATORS 18%						
1.	Investment realization	3%	3%	3%	3%	3%
2.	Current liquidity	3%	3%	3%	3%	3%
3.	Assets Turnover	3%	3%	3%	3%	3%
4.	Return on equity (ROE)	3%	3%	3%	3%	3%
5.	Dividends distribution rate from the net profit of the financial year	5%	5%	5%	5%	5%

Crt. No.	Company's Performance Indicators	Weights				
		2023	2024	2025	2026	2027
6.	Total expenses at 1000 RON total revenues	3%	3%	3%	3%	3%
B. KEY NON- FINANCIAL PERFORMANCE INDICATORS 82%						
B1 KEY OPERATIONAL PERFORMANCE INDICATORS 10%						
7.	Monitoring of the annual electricity average specific consumption for technological purposes	10%	10%	10%	10%	10%
8.	Ensuring the maintenance of the NTS	10%	10%	10%	10%	10%
B2 KEY PERFORMANCE INDICATORS OF CORPORATE GOVERNANCE 62%						
9.	The number of meetings of the Board of Directors held along the year	15%	15%	15%	15%	15%
10.	Duly reporting of the degree of achievement of the performance indicators of the company	20%	20%	20%	20%	20%
11.	Performance of the actions set out in the Program for the development of the internal control management system	15%	15%	15%	15%	15%
12.	The settlement of the risks management policy	0%	5%	0%	0%	0%
B3. KEY PERFORMANCE INDICATORS ORIENTED TOWARDS PUBLIC SERVICES 10%						
13.	Clients' satisfaction score related to the crude oil and derivatives transport activity (number of responses, 4 and 5 in total number of clients responses)	10%	5%	10%	10%	10%

Key Performance Indicators description for the calculation of the variable component of the remuneration of the NON-EXECUTIVE ADMINISTRATORS is to be found in Annex no. 5

C. The key performance indicators (KPIs) for the calculation of the annual variable component of the remuneration for the DIRECTORS

Financial and Non-financial Key Performance Indicators proposed for the calculation of the variable component of the remuneration complies with the legislation on the corporate governance of public enterprises, respectively GEO no. 109/2011 and GD no. 639/2023.

In the mandate contract concluded with the directors, at art. 5 it is stipulated that they benefit from a remuneration consisting of a fixed monthly gross allowance and a variable component, according to the degree of achievement of the approved key financial and non-financial performance indicators.

The performance indicators are classified as financial and non- financial.

The non-financial indicators are: operational, oriented towards public services and responsibilities specific to the corporate governance activity.

Crt. No.	Category / group of indicators	Company's Performance Indicators	Performance Objective
A. KEY FINANCIAL PERFORMANCE INDICATORS			
1.	Investment policy	Investment realization	Realization of minimum 70% of the annual investment Plan
2.	Financing	Immediate liquidity/(acid test)	Ensuring the ability to pay current liabilities from current assets

Crt. No.	Category / group of indicators	Company's Performance Indicators	Performance Objective
3.	Operations	Long-term turnover speed	Accounts receivable turnover
4.	Profitability	Operating profit margin	Maintaining the profitability of the operating activities at minimum 7%
5.	Cash flow	Outstanding payments	Level zero
6.	Revenues	Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses related to the settlement of the modernization quota + Value adjustments on tangible and intangible assets, here included the revaluation differences	Realization of adjusted planned EBITDA minimum 95%
7.	Revenues	Labor Productivity	Achievement of the labor productivity level provided in the annual Budget, approved
B. KEY NON- FINANCIAL PERFORMANCE INDICATORS			
B1 KEY OPERATIONAL PERFORMANCE INDICATORS			
8.	Operational	Monitoring of the annual electricity average specific consumption for technological purposes	Maintaining the annual electric power average specific technological consumption at a level of max 3.2 Kwh/to
9.	Operational	Framing within the consumptions specific to the crude oil (does not include the amount of crude oil lost during provoked breakdowns or in case of pollution damage where owners do not allow access for remedy)	The target value is lower than the value of the maximal technological consumption for crude oil.
10.	Operational	Ensuring the maintenance of the NTS	Realization of minimum 90% of the annual program of planned technical revisions
11.	Indicators referring to employees	Average number of training hours per employee (Total number of training hours / Total number of employees)	Development of professional skills and competencies
B2 KEY PERFORMANCE INDICATORS OF CORPORATE GOVERNANCE			
12.	Corporate Governance	Performance of the actions set out in the Program for the development of the internal control management system	Development of the management internal control system in compliance with the legal requirements in force

Crt. No.	Category / group of indicators	Company's Performance Indicators	Performance Objective
13.	Corporate Governance	Number of measures in the Integrity Plan in force duly implemented/Total number of measures due in the Integrity Plan in force x 100	Boost institutional integrity by inclusion of the corruption prevention measure
14.	Corporate Governance	Number of meetings of the Steering Committee	Minimum 2 meetings/month (in correlation with the mandate period)
15.	Gender equality	Rate of female gender in management positions	Maintaining the rate of female gender in management positions 30%
B3 KEY PERFORMANCE INDICATORS ORIENTED TOWARDS PUBLIC SERVICES			
16.	Indicators referring to employees	Clients' satisfaction score related to the crude oil and derivatives transport activity (number of responses, 4 and 5 in total number of clients responses)	Clients' satisfaction score related to the crude oil and derivatives transport activity (the number of responses, 4 and 5 in total number of clients responses minimum 90%).

The target values for the key performance indicators (KPIs) for DIRECTORS

Crt. No.	Company's Performance Indicators	Performance Objective	Target values				
			2023	2024	2025	2026	2027
A. FINANCIAL KEY PERFORMANCE INDICATORS							
1.	Achievements of the investments	Achievement of at least 66% of the annual investment plan	≥70%	≥70%	≥70%	≥70%	≥70%
	Verification instrument	Execution of the Annual investment program, endowments and financing sources, annex 4 to the approved Budget according to OMPF no. 3818/2019					
2.	The quick ratio indicator (acid test)	Ensuring the ability to pay current liabilities from current assets adjusted with the value of the inventories	≥1	≥1	≥1	≥1	≥1
	Verification instrument	Audited annual financial statements - Statement of the financial standing					
3.	Receivables turnover	Maintaining the collection of receivables from customers within a maximum of 30 days	≤30	≤30	≤30	≤30	≤30
	Verification instrument	Audited Annual Financial Statements - Statement of Financial Standing and Statement of Profit and Loss and Other global result elements					
4.	Operating profit margin	Maintaining the profitability of	≥7.5%	≥7%	≥7.5%	≥7.5%	≥7.5%

Crt. No.	Company's Performance Indicators	Performance Objective	Target values									
			2023	2024	2025	2026	2027					
5.	Outstanding payments	operating activities at a minimum of 7%										
		Verification instrument	Audited Annual Financial Statements - Statement of Profit and Loss and other global result elements									
6.	Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses related to the settlement of the modernization quota + Value adjustments on tangible and intangible assets, here included the revaluation differences	Level zero	0	0	0	0	0					
		Verification instrument	ANAF accounting reporting - Form F30 - Informative data from the annual accounting reporting									
7.	Labor Productivity	Realization of adjusted planned EBITDA minimum 95%	≥95%	≥95%	≥95%	≥95%	≥95%					
		Verification instrument	Audited Annual Financial Statements - Statement of Financial Standing and Statement of Profit and Loss and other global result elements									
B.	NON- FINANCIAL KEY PERFORMANCE INDICATORS											
	OPERATIONAL KEY PERFORMANCE INDICATORS											
8.	Monitoring of the annual electricity average specific consumption for technological purposes	Maintenance of the annual electricity average specific technological consumption at a level of max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to					
		Verification instrument	Annual Report of the Maintenance Development Director									
9.	Framing within the specific consumptions for the crude oil transport (does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in	The target value is lower than the value of the maximal technological consumption, for crude oil	Domestic crude oil ≤ 0.361% Lukoil import crude oil ≤ 0.290% Import crude oil Petrom ≤ 0.143% Midia import crude oil ≤ 0.108%									

Crt. No.	Company's Performance Indicators	Performance Objective	Target values				
			2023	2024	2025	2026	2027
	contamination, where the owners do not ease access for remedy).						
	Verification instrument			The Annual Report of the Transport Operations Unit, Crude oil monthly movements			
10.	Ensuring the maintenance of the NTS	Realization of minimum 90% of the annual program of planned technical revisions	≥ 90%	≥ 90%	≥ 90%	≥ 90%	≥ 90%
	Verification tool			Annual Program of planned technical revisions and Annual Report of the Development Maintenance Head of Unit			
11.	The average number of hours of training per employee (total no. of hours of training/ total number of employees)	Development of the professional abilities and competencies	≥5 hours	≥5 hours	≥5 hours	≥5 hours	≥5 hours
	Verification instrument			Activity report of the Human resources department			
B2. CORPORATE GOVERNANCE KEY PERFORMANCE INDICATORS							
12.	Achievement of the actions set out in the Program for the development of the internal control management system	Development of the management control system implemented in compliance with the legal requirements in force	≥90%	≥90%	≥90%	≥95%	≥95%
	Verification instrument			The program for the development of the internal management control system, the annual Report on the internal management control system			
13.	Number of measures from the Integrity Plan in force implemented on time /Total number of measures due from the Integrity Plan in force x 100	Boost institutional integrity by inclusion of the corruption prevention measure	≥90%	≥90%	≥90%	≥95%	≥95%
	Verification instrument			Annual report on the implementation of the measures from the approved Integrity Plan			
14.	No. of meetings of the Steering Committee	At least 2 meetings/month (in correlation with the period of mandate)	At least 2 meetings/ months	At least 2 meetings /months	At least 2 meetings /months	At least 2 meetings /months	At least 2 meetings /months
	Verification instrument			Reports on the measures ordered following the meetings of the Steering Committee			
15.	The rate of female managers	Maintaining the rate of female managers at a minimum of 30%	≥30%	≥30%	≥30%	≥30%	≥30%
	Verification instrument			Activity report of the Human resources department			
B3. KEY PERFORMANCE INDICATORS ORIENTED TO PUBLIC SERVICES							

Crt. No.	Company's Performance Indicators	Performance Objective	Target values				
			2023	2024	2025	2026	2027
16.	Clients' satisfaction score related to the crude oil and derivatives transport activity (number of responses, 4 and 5 in total number of clients responses)	Clients' satisfaction score related to the crude oil and derivatives transport activity (the number of responses, 4 and 5 in total number of clients responses minimum 90%).	≥90%	≥90%	≥90%	≥90%	≥90%
	Verification instrument	Customer Satisfaction Survey and Annual Customer Satisfaction Assessment Report					

Proposals regarding the KPI's weights used in the process of establishing the variable remuneration of the DIRECTORS

Financial indicators= 50%

Non - Financial indicators= 50%,

o/w:

Operational indicators = 20%

Corporate Governance indicators = 25%

Public services indicators = 5 %

Crt. No.	Company's Performance Indicators	Target values				
		2023	2024	2025	2026	2027
A. FINANCIAL KEY PERFORMANCE INDICATORS						
1.	Achievements of the investments	10%	10%	10%	10%	10%
2.	The quick ratio indicator (acid test)	5%	5%	5%	5%	5%
3.	Receivables turnover	5%	5%	5%	5%	5%
4.	Operating profit margin	5%	5%	5%	5%	5%
5.	Outstanding payments	5%	5%	5%	5%	5%
6.	Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses related to the settlement of the modernization quota + Value adjustments on tangible and intangible assets, here included the revaluation differences	10%	10%	10%	10%	10%
7.	Labor Productivity	10%	10%	10%	10%	10%
B. NON- FINANCIAL KEY PERFORMANCE INDICATORS						
B1. OPERATIONAL KEY PERFORMANCE INDICATORS						
8.	Monitoring of the annual electricity average specific consumption for technological purposes	5%	5%	5%	5%	5%
9.	Framing within the specific consumptions for the crude oil transport (does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in contamination, where the owners do not ease access for remedy).	5%	5%	5%	5%	5%
10.	Ensuring the maintenance of the NTS	5%	5%	5%	5%	5%
11.	The average number of hours of training per employee (total no. of hours of training/ total number of employees)	5%	5%	5%	5%	5%
B2. CORPORATE GOVERNANCE KEY PERFORMANCE INDICATORS						

Crt. No.	Company's Performance Indicators	Target values				
		2023	2024	2025	2026	2027
12.	Performance of the actions set out in the Program for the development of the internal control management system	10%	10%	10%	10%	10%
13.	Number of measures from the Integrity Plan in force implemented on time / Total number of measures due from the Integrity Plan in force x 100	5%	5%	5%	5%	5%
14.	No. of meetings of the Steering Committee	5%	5%	5%	5%	5%
15.	The rate of female managers	5%	5%	5%	5%	5%
B3. KEY PERFORMANCE INDICATORS ORIENTED TO PUBLIC SERVICES						
16.	Clients' satisfaction score related to the crude oil and derivatives transport activity (number of responses, 4 and 5 in total number of clients responses)	5%	5%	5%	5%	5%

The description of the key performance indicators for directors can be found in Annex no. 6

We request to the General Meeting of Shareholders the approval of the financial and non-financial performance indicators resulting from the Administration Plan, following the completion of negotiations with the Public Guardianship Authority (the Ministry of Energy), in the form presented, namely:

- a) **the performance indicators for monitoring the company's performance** – Annex no. 1;
- b) **the financial and non-financial key performance indicators, for the calculation of the gross annual variable component of remuneration, for non-executive administrators**, which shall be annex to the Mandate Contracts – Annex no. 2;
- c) **the financial and non-financial key performance indicators, for the calculation of the gross annual variable component of remuneration for directors with mandate contract**, which shall be annex to the Mandate Contracts – Annex no. 3;

Annex 1 - 6

**CHAIRMAN OF THE BOARD OF DIRECTORS
CONPET S.A.**

Gheorghe Cristian - Florin

Performance Indicators for monitoring the Company's Performance

Crt.n o.	Performance indicator	Performance objective	MU	Target values				
				2023	2024	2025	2026	2027
1	Capital expenditure ratio	Increase of the efficiency of the National Transport System of crude oil, rich gas, condensate and ethane	%	≥6.5%	≥6.5%	≥6.5%	≥6.5%	≥6.5%
2	General solvency (leverage)	Ensuring the capacity to pay the total debts		max 0.25	max 0.25	max 0.25	max 0.25	max 0.25
3	Assets turnover	Ensuring the efficiency of assets management		min 0.5	min 0.5	min 0.5	min 0.5	min 0.5
4	Return of assets (ROA)	The achievement of a profitability of assets over the 4% level	%	≥4%	≥4%	≥4%	≥4%	≥4%
5	Dividends distribution rate from the net profit of the financial year	Maintaining a sustainable dividend policy	%	≥65%	≥65%	≥65%	≥65%	≥65%
6	Performance of the actions set out in the Program for the development of the internal control management system	Development of the internal control management system in compliance with the legal requirements in force	%	≥90%	≥90%	≥90%	≥95%	≥95%
7	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the legal reporting terms	%	100%	100%	100%	100%	100%
8	The settlement of the risks management policy	Efficient and effective risk management that could affect the achievement of the company's objectives	Confirmation (YES/NO)	-	YES	-	-	-

Financial and non-financial key performance indicators related to the non-executive company administrators

Crt.n o.	Performance indicator	Performance objective	MU	Target values					KPI weights for the settlement of the remuneration
				2023	2024	2025	2026	2027	
A. KEY FINANCIAL PERFORMANCE INDICATORS									
1	Investment realization	Realization of minimum 75% of the annual Investments Plan financed out of the modernization quota	%	≥75%	≥75%	≥75%	≥75%	≥75%	3%
2	Current liquidity	Ensuring the ability to pay current liabilities from current assets		≥1	≥1	≥1	≥1	≥1	3%
3	Assets turnover	Ensuring the efficiency of asset management		≥0.5	≥0.5	≥0.5	≥0.5	≥0.5	3%
4	Return on equity (ROE)	Maintaining the return on equity higher than 5%	%	>5%	>5%	>5%	>5%	>5%	3%
5	Dividends distribution rate from the net profit of the financial year	Maintaining a sustainable dividend policy	%	≥65%	≥65%	≥65%	≥65%	≥65%	5%
6	Total expenses per each 1000 RON of total revenues	Maintaining at the level provided in the annual Budget	%	100% according to the Annual Budget	100% according to Annual Budget	100% according to Annual Budget	100% according to the Annual Budget	100% according to the Annual Budget	3%
NON-FINANCIAL KEY PERFORMANCE INDICATORS:									
B.1. KEY OPERATIONAL PERFORMANCE INDICATORS									
7	Monitoring of the annual electricity average specific consumption for technological purposes	Maintaining the annual electric power average specific technological consumption at a level of max 3.2 Kwh/to	Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	Max 3.2 Kwh/to	10%
8	Ensuring the maintenance of the NTS	Realization of minimum 90% of the annual program of planned technical revisions	%	≥90%	≥90%	≥90%	≥90%	≥90%	10%
B.2. CORPORATE GOVERNANCE KEY PERFORMANCE INDICATORS									
9	The number of meetings of the Board of Directors held along the year	Minimum one meeting per month of the Board of Directors (in correlation with the mandate period)	Number of Meetings	min.one meeting/month	min.one meeting/month	min.one meeting/month	min.one meeting/month	min.one meeting/month	15%
10	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the legal reporting terms	%	100%	100%	100%	100%	100%	20%
11	Performance of the actions set out in the Program for the development of the internal control management system	Development of the management internal control system in compliance with the legal requirements in force	%	≥90%	≥90%	≥90%	≥95%	≥95%	15%
12	Settlement of the risks management policy	Efficient and effective risk management that could affect the achievement of the company's objectives	Confirmation (YES/NO)	-	YES	-	-	-	0% IN THE YEARS 2023, 2025, 2026,

									2027 AND 5% IN 2024
B.3. KEY PERFORMANCE INDICATORS ORIENTED TOWARDS PUBLIC SERVICES									
13	Clients satisfaction score related to the crude oil and derivatives transport activity (number of responses, 4 and 5 in total number of clients responses)	Clients' satisfaction related to the crude oil and derivatives transport activity (the number of responses, 4 and 5 in total number of clients responses minimum 90%)	%	≥90%	≥90%	≥90%	≥90%	≥90%	10% in the years 2023, 2025, 2026, 2027 AND 5% in 2024

Financial and non-financial key performance indicators for the directors with mandate contract

Crt.no.	Performance indicator	Performance objective	MU	Target values					KPI weights for the settlement of the remuneration
				2023	2024	2025	2026	2027	
A. KEY FINANCIAL PERFORMANCE INDICATORS: 50%									
1.	Investment realization	Realization of minimum 70% of the annual investment Plan	%	≥70%	≥70%	≥70%	≥70%	≥70%	10%
2.	Immediate liquidity/ acid test	Ensuring the capacity to pay current liabilities from current assets adjusted by the stocks values		≥1	≥1	≥1	≥1	≥1	5%
3.	Accounts receivable turnover	Maintaining the collection of the clients' receivables within maximum30 days	days	≤30	≤30	≤30	≤30	≤30	5%
4.	Operating profit margin	Maintaining the profitability of the operating activities at minimum 7%	%	≥7.5%	≥7%	≥7.5%	≥7.5%	≥7.5%	5%
5.	Outstanding payments	Level zero	thousand RON	0	0	0	0	0	5%
6.	Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses related to the settlement of the modernization quota + Value adjustments on tangible and intangible assets, here included the revaluation differences	Realization of adjusted planned EBITDA minimum 95%	%	≥95%	≥95%	≥95%	≥95%	≥95%	10%
7.	Labor Productivity	Achievement of the labor productivity level provided in the annual Budget, approved	thousand RON/pers.	100% according to the Annual Budget	10%				
B. KEY FINANCIAL PERFORMANCE INDICATORS: 50%									
B1. KEY OPERATIONAL PERFORMANCE INDICATORS: 20%									

Crt.no.	Performance indicator	Performance objective	MU	Target values					KPI weights for the settlement of the remuneration
				2023	2024	2025	2026	2027	
8.	Monitoring of the annual electricity average specific consumption for technological purposes	Maintaining the annual electric power average specific technological consumption at a level of max 3.2 Kwh/to	Kwh/to	max 3.2 Kwh/to	max 3.2 Kwh/to	max 3.2 Kwh/to	max 3.2 Kwh/to	max 3.2 Kwh/to	5%
9.	Framing within the consumptions specific to the crude oil (does not include the amount of crude oil lost during provoked breakdowns or in case of pollution damage where owners do not allow access for remedy)	The target value is lower than the value of the maximal technological consumption, for crude oil.	%	Domestic crude oil ≤ 0.361% Import crude Lukoil ≤ 0.290% Import crude oil Petrom ≤ 0.143% Import crude oil Midia ≤ 0.108%					5%
10.	Ensuring the maintenance of the NTS	Realization of minimum 90% of the annual program of planned technical revisions	%	≥90%	≥90%	≥90%	≥90%	≥90%	5%
11.	Average number of training hours per employee (Total number of training hours /Total number of employees)	Development of professional skills and competencies	hours/employee	≥5 hours	≥5 hours	≥5 hours	≥5 hours	≥5 hours	5%
B2 CORPORATE GOVERNANCE KEY PERFORMANCE INDICATORS: 25%									
12.	Performance of the actions set out in the Program for the development of the internal control management system	Development of the management internal control system in compliance with the legal requirements in force	%	≥90%	≥90%	≥90%	≥95%	≥95%	10%
13.	Number of measures in the Integrity Plan in force duly implemented/Total number of measures due in the Integrity Plan in force x 100	Boost institutional integrity by inclusion of the corruption prevention measures	%	≥90%	≥90%	≥90%	≥95%	≥95%	5%
14.	Number of meetings of the Steering Committee	Minimum 2 meetings/month (in correlation with the mandate period)	number of the meetings/month	min 2.	min 2.	min 2.	min 2.	min 2.	5%
15.	Rate of female gender in management positions	Maintaining the rate of female gender in management positions 30%	%	≥30%	≥30%	≥30%	≥30%	≥30%	5%
B3. KEY PERFORMANCE INDICATORS ORIENTED TOWARDS PUBLIC SERVICES: 5%									
16.	Clients satisfaction score related to the crude oil and derivatives transport	Clients' satisfaction score related to the crude oil and derivatives transport activity (the number of	%	≥90%	≥90%	≥90%	≥90%	≥90%	5%

Crt.no.	Performance indicator	Performance objective	MU	Target values					KPI weights for the settlement of the remuneration
				2023	2024	2025	2026	2027	
	activity (number of responses, 4 and 5 in total number of clients responses)	responses, 4 and 5 in total number of clients responses minimum 90%).							

Annex 4 - Description of the performance indicators for monitoring the performance of CONPET company

1. Capital expenditure ratio

Name of the indicator	Capital expenditure ratio
Target value:	At least 6.5%
Description:	Measures the modernization rate of the crude oil, rich gas, condensate and ethane National Transport System
Verification Manner:	Execution of the annual investment program, endowments and financing sources, annex 4 to the approved Budget According to OMPP Order no. 3818/2019 and the audited annual financial statements - Statement of the financial standing
Indicator Formula:	$KPI = \text{Capital expenditure (achieved investments)}/\text{total assets}$
Calculation method	The indicator's degree of achievement is being determined based on the formula: $\text{Achieved capital expenditure ratio}/\text{target capital expenditure ratio} * 100$ $GI\ KPI = Ir/It \times 100$ KPI Key Performance Indicator GI KPI Degree of achievement of the key performance indicator Ir KPI Achieved value of the KPI It Target value (approved) of the KPI

2. General solvency (leverage)

Name of the indicator	General solvency (leverage)
Target value:	No more than 0.25
Description:	Ensures the ability to pay total debts
Verification Manner:	Audited annual financial statements – statement of the financial standing.
Indicator Formula:	$KPI = \text{general solvency (leverage)} = \text{Total debts}/\text{total assets}$
Calculation method	The indicator's degree of achievement is being determined based on: If $KPI \leq 0.25$, then $GI\ KPI = 100\%$ If $GI > 0.25$, then $GI\ KPI = 0\%$

3. Assets turnover

Name of the indicator	Assets turnover
Target value:	Minimum 0.5
Description:	Monitoring the effectiveness of asset management
Verification Manner:	Audited Annual Financial Statements - Statement of Financial Standing and Statement of Profit and Loss and Other global result elements
Indicator Formula:	$KPI = \text{rotation speed of assets} = \text{turnover}/\text{mean value of all assets} ((\text{Total assets 1} + \text{Total assets 0})/2)$, where: Total assets 1 = total assets current year and total assets 0 = total assets preceding year
Calculation method	The indicator's degree of achievement is being determined based on: If $KPI \geq 0.5$ then $GI\ KPI = 100\%$ If $GI > 0.5$, then $GI\ KPI < 0\%$

4. Return on assets (ROA)

Name of the indicator	Return on assets (ROA)
Target value:	Higher than 4%
Description:	It reflects the efficiency of asset utilization
Verification Manner:	Audited Annual Financial Statements - Statement of Financial Standing and Statement of Profit and Loss and Other global result elements
Indicator Formula:	KPI = Return on Assets (ROA)= Net profit of the financial year/total assets at the end of the financial year x100
Calculation method	<p>The indicator's degree of achievement is being determined as follows:</p> <p>If $KPI > 4\%$ then GI KPI = 100%</p> <p>If $KPI \leq 4\%$ then GI KPI = 0%</p>

5. The rate of dividend distribution from the net profit of the financial year

Name of the indicator	The rate of dividend distribution from the net profit of the financial year
Target value:	Minimum 65%
Description:	Maintaining a sustainable dividend policy
Verification Manner:	Audited annual financial statements, Note on the distribution of net profit for the completed financial year, Annual budget execution Annex no. 1
Indicator Formula:	KPI (En.KPI) = dividend distribution rate = distributed dividends/net profit*100
Calculation method	<p>The indicator's degree of achievement is being determined as follows:</p> <p>If $KPI \geq 65\%$ then GI KPI = 100%</p> <p>If $KPI < 65\%$ then GI KPI = 0%</p>

6. Performance of the actions set out in the Program for the development of the internal control management system

Name of the indicator	Performance of the actions set out in the Program for the development of the internal control management system
Target value:	At least 90% of actions provided for in the internal management control system development program for the years 2023-2025 and 95% for the years 2026-2027
Description:	Development of the management control system Implementation in compliance with the legal requirements in force
Verification Manner:	The program for the development of the internal management control system, the annual Report on the internal management control system
Indicator Formula:	KPI = Number of undertaken actions /Number of planned actions as per the "Program for the development of the internal/management control system of CONPET S.A.) *100
Calculation method	<p>The indicator's degree of achievement is being determined based on the formula:</p> <p>KPI Key Performance Indicator GI KPI Degree of achievement of the key performance indicator</p> <p>If $GI KPI \geq 90\%$ then GI KPI = 100%, for the years 2023-2025 If $GI KPI < 90\%$ then GI KPI = 0%, for the years 2023-2025</p> <p>If $GI KPI \geq 95\%$ then GI KPI = 100%, for the years 2026-2027 If $GI KPI < 95\%$ then GI KPI = 0%, for the years 2026-2027</p>

7. Duly reporting of the degree of achievement of the performance indicators of the company

Name of the indicator	Duly reporting of the degree of achievement of the performance indicators of the company
Target value:	Framing within the reporting due deadlines
Description:	Monitoring the reports' calendar for framing
Verification Manner:	The date of the actual submission of the reports/reportings' date scheduled by calendar/normative, administrative act of the reportings
Indicator Formula:	KPI = number of duly reports/ total number of reports *100
Calculation method	The indicator's degree of achievement is being determined as follows: If KPI = 100% then GI KPI = 100% If KPI < 100% then GI KPI = 0%

8. Establishing the risk management policy

Name of the indicator	Establishing the risk management policy
Target value:	Development of the risk management policy
Description:	The efficient and effective management of risks that could affect the achievement of the company's objectives
Verification Manner:	Risk management policy issued by
Indicator Formula:	KPI = Confirmation of policy setting YES/NO
Calculation method	The indicator's degree of achievement is being determined as follows: If KPI = YES then GI KPI = 100% If KPI = NO then GI KPI = 0%

Annex no.5 Description of the Key Performance indicators for the calculation of the variable component of the remuneration of the NON-EXECUTIVE ADMINISTRATORS

1. Financial Key Performance Indicators

1.1 Achievements of the investments

Name of the indicator	Achievements of the investments
Target value:	Achievement of minimum 75% of the annual Investments Plan financed out of the Modernization Quota
Description:	Monitoring the realization of the investment Plan
Verification Manner:	Execution of the annual investment program, endowments and financing sources, annex 4 to the approved Budget according to OMPF Order no. 3818/2019
Indicator Formula:	KPI = Value of the investments financed out of the modernization quota
Calculation method	The indicator's achievement rate is being determined based on the formula: Value of investments financed out of the modernization quota, achieved/Value of the modernization quota achieved in the reporting year (modernization quota recognized in the expenses) X 100 GI KPI = $I_{ri}/I_{rc} \times 100$

KPI	Key performance indicator
GI KPI	Degree of achievement of the key performance indicator
I_{ri}	Value of the investments financed out of the modernization Quota, achieved

Irc Value of the modernization quota achieved in the reporting year (modernization quota recognized at expenses)

If GI KPI \geq 75% then GI KPI = 100%
 If GI KPI $<$ 75% then GI KPI = 0%

1.2 Current liquidity

Name of the indicator	Current liquidity
Target value:	At least 1
Description:	It reflects the company's ability to meet its payment obligations
Verification Manner:	Audited annual financial statements – statement of the financial standing.
Indicator Formula:	KPI = Current Liquidity Ratio = Current (Current) Assets/Current Liabilities
Calculation method	The indicator's degree of achievement is being determined as follows: If KPI \geq 1 then GI KPI = 100% If GI $>$ 1, then GI KPI $<$ 0%

1.3 Assets turnover

Name of the indicator	Assets turnover
Target value:	At least 0.5
Description:	Monitoring the effectiveness of asset management
Verification Manner:	Audited Annual Financial Statements - Statement of Financial Standing and Statement of Profit and Loss and Other global result elements
Indicator Formula:	KPI = rotation speed of assets=turnover/mean value of all assets ((Total assets 1+Total assets 0)/2), where: Total assets 1 = total assets current year and total assets 0 = total assets preceding year
Calculation method	The indicator's degree of achievement is being determined as follows: If KPI \geq 0.5 then GI KPI =100% If KPI $>$ 0.5, then GI KPI $<$ 0%

1.4 Return on equity (ROE)

Name of the indicator	Return on equity (ROE)
Target value:	Higher than 5%
Description:	It reflects the efficiency of the use of equities
Verification Manner:	Audited Annual Financial Statements - Statement of Financial Standing and Statement of Profit and Loss and Other global result elements
Indicator Formula:	KPI = Return on Equity (ROE)= Net profit of the financial year/ Equities at the end of the financial year x100
Calculation method	The indicator's achievement rate is being determined based on the formula: Achieved return on equity/targeted return on equity x 100 $GI\ KPI = Ir/It \times 100$ KPI Key Performance Indicator GI KPI Degree of achievement of the key performance indicator Ir KPI Achieved value of the KPI It Target value (approved) of the KPI

1.5 The rate of dividend distribution from the net profit of the financial year

Name of the indicator	The rate of dividend distribution from the net profit of the financial year
Target value:	At least 65%
Description:	Maintaining sustainable dividend policy
Verification Manner:	Audited annual financial statements, Note on the distribution of net profit for the completed financial year, Annual budget execution Annex no. 1
Indicator Formula:	$KPI = \text{dividend distribution rate} = \text{distributed dividends}/\text{net profit} \times 100$
Calculation method	The indicator's degree of achievement is being determined as follows: If $KPI \geq 65\%$ then GI KPI = 100% If $KPI < 65\%$ then GI KPI = 0%

1.6 Total expenses per each 1000 RON total revenues

Name of the indicator:	Total expenses per each 1000 RON total revenues
Target value:	Achievement of the level provided in the annual Budget, approved.
Description:	Maintaining the level provided in the annual Budget.
Verification Manner:	Annual budget execution – Annex no. 1 Audited annual financial statements – Statement of the profit and loss and other elements of the global result
Indicator Formula:	$\text{Total expenses}/\text{Total revenues} \times 1000$
Calculation method:	The degree of achievement of the indicator is being determined based on the formula: $\text{Total expenses per each 1000 RON realized total revenues}/\text{Total expenses per each 1000 RON revenues from the annual Budget} \times 100$ $\text{GI KPI} = \text{Ir}/\text{It} \times 100$ KPI Performance key indicator GI KPI Degree of achievement KPI It Target value (approved) of KPI Ir Achieved value KPI

2. Non-Financial Key Performance Indicators

2.1 Monitoring the annual average specific consumption of electricity for technological purposes

Indicator name:	Monitoring the annual average specific consumption of electricity for technological purposes
Target values:	Maintaining the annual average of the specific technological consumption of electricity at a maximum level of 3.2 Kwh/to
Description:	Monitoring the specific technological consumption of electricity and maintaining it at the level established by the Administration Plan
Verification method:	Annual Report of the Head of Maintenance Development Unit
Indicator Formula:	$KPI = C_{msta} = (C_{stat} * T_{tt} + C_{stai} * T_{ti}) / T_t$ $C_{msta} = \text{Average annual specific technological consumption}$ $C_{stat} = \text{Annual domestic crude oil - specific technological consumption}$ $C_{stai} = \text{Annual import specific technological consumption}$ $T_t = \text{Total amount of crude oil}$

Calculation method	T_t = Total amount of domestic crude oil T_{ti} = The amount of imported crude oil The degree of achievement of the indicator is determined: If $KPI \leq 3.2$ kwh/to then GI KPI =100% If $KPI > 3.2$ kwh/to then GI KPI = 0%
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2.2 Ensuring the maintenance of the NTS

Indicator name:	Ensuring the maintenance of the NTS
Target value:	Realization of minimum 90% of the annual program of planned technical revisions
Description:	Ensuring the maintenance of the NTS
Verification method:	Annual Program of planned technical revisions and Annual Report of the Development Maintenance Head of Unit
Indicator Formula:	$KPI = \text{Value of technical revision}$
Calculation method:	The degree of achievement of the indicator is determined: If $KPI \geq 90\%$, then GI KPI = 100% If $KPI < 90\%$, then GI KPI = 0%

2.3 The number of meetings of the Board of Directors held throughout the year

Indicator name:	The number of meetings of the Board of Directors held throughout the year
Target values:	At least one meeting per month of the Board of Directors (in correlation with the term of office)
Description:	Monitoring the activity of the Board of Directors
Verification method:	Decisions of the Board of Directors
Indicator Formula:	$KPI = \text{The number of meetings of the Board of Directors held throughout the year}$
Calculation method:	The degree of achievement of the indicator is determined: If $KPI \geq 1$ meeting/month (in correlation with the term of office) then GI KPI =100% If $KPI < 1$ meeting/month (in correlation with the term of office) then GI KPI =0%

2.4 Duly reporting of the achievement degree of the company's performance indicators

Indicator name:	Duly reporting of the degree of achievement of the company's performance indicators
Target values:	Compliance with the legal reporting deadlines
Description:	Monitoring the calendar of reports in order to meet the deadlines
Verification method:	Date of the actual submission of reports/date scheduled by calendar/normative, administrative act of reports
Indicator Formula:	$KPI = \text{number of duly reports} / \text{total number of reports} * 100$
Calculation method:	The degree of achievement of the indicator is determined: If $KPI = 100\%$ then GI KPI = 100% If $KPI < 100\%$ then GI KPI = 0%

2.5 Performance of the actions provided for in the development program of the internal control management system

Indicator name:	Performance of the actions provided for in the development program of the internal control management system
Target value:	Minimum 90% of actions provided for in the internal control management system development program for the years 2023-2025 and 95% for the years 2026-2027
Description:	Development of the internal control management system implemented in accordance with the legal requirements in force
Verification method:	The internal control management system development program and the Annual Report on the internal control management system
Indicator Formula:	KPI=Number of actions carried out/Number of actions planned as per the "Program for the development of the internal control management system of CONPET S.A."*100
Calculation method:	The indicator's achievement degree is determined according to the formula:

KPI Key performance indicator
 GI KPI Achievement degree key performance indicator

If GI KPI \geq 90% then GI KPI = 100%, for the years 2023-2025

If GI KPI $<$ 90% then GI KPI = 0%, for the years 2023-2025

If GI KPI \geq 95% then GI KPI = 100%, for the years 2026-2027

If GI KPI $<$ 95% then GI KPI = 0%, for the years 2026-2027

2.6 Establishing the risk management policy

Indicator name:	Establishing the risk management policy
Target value:	Development of the risk management policy
Description:	Efficient and effective management of risks that could affect the achievement of the company's objectives
Verification method:	Developed risk management policy
Indicator Formula:	KPI=Confirmation of the establishment of the YES/NO policy
Calculation method:	The degree of achievement of the indicator is determined: If KPI=YES, then GI KPI = 100% If KPI=NO, then GI KPI = 0%

2.7 Customer satisfaction score from crude oil and derivatives transport activity (Number of answers of 4 and 5 in total number of customer responses)

Name of the indicator:	Customer satisfaction score related to the crude oil and derivatives transport activity (Number of answers of 4 and 5 in total number of customer responses)
Target value:	Minimum 90% answers of 4 and 5 in total number of customer answers
Description:	Customer satisfaction related to the crude oil and derivatives transport activity
Verification Manner:	Customer satisfaction assessment questionnaires and Annual Customer Satisfaction Assessment Report.
Indicator Formula:	KPI = Customer satisfaction score related to the crude oil and derivatives transport activity = (Number of answers of 4 and 5/ total number of customer responses) x100
Calculation method:	The degree of fulfillment of the Key Performance Indicator may be 0% or 100%, as follows: - 100% - if the customers satisfaction score is \geq 90% - 0% - if the customers satisfaction score is $<$ 90%

Annex no. 6 Description of key performance indicators for directors

1. Financial Key Performance Indicators

1.1 Investments achievement

Indicator name:	Investments achievement
Target value:	Minimum 70% of the Annual Investment Plan
Description:	Monitoring the achievement of the Investment Plan
Verification method:	Execution of the Annual Investment Program, endowments and financing sources, Annex no. 4 to the approved Revenue and Expenditures Budget as per O.M.P.F. no. 3818/2019
Indicator Formula:	KPI=Value of financed investments
Calculation method:	The indicator's achievement degree is determined according to the formula: Realized investment value/Scheduled investment value in the Annual Investment Plan x 100.

$$GI\ KPI = Iri/Itp \times 100$$

KPI	Key performance indicator
GI KPI	Achievement degree key performance indicator
Iri	Realized investment value
Itp	Investment value established in the Investment Plan

1.2 Immediate liquidity/acid test

Indicator name:	Immediate liquidity/acid test
Target value:	Minimum 1
Description:	Ensuring the ability to meet due payments from cash flow and debt collection inflow
Verification method:	Audited annual financial statements – Statement of the Financial Standing
Indicator Formula:	KPI=Immediate liquidity/acid test = Current assets-Inventories/Current liabilities (<1 year)
Calculation method:	The degree of achievement of the indicator is determined: IF KPI ≥ 1 then GI KPI = 100% If KPI < 1 then GI KPI = 0%

1.3 Accounts receivables turnover

Indicator name:	Accounts receivables turnover
Target value:	Maximum 30 days
Description:	Maintaining the collection of receivables from customers within a maximum of 30 days
Verification method:	Audited annual financial statements – Statement of the Financial Standing and Statement of the profit and loss and other global result elements
Indicator Formula:	KPI=Accounts receivable turnover = (Average balance clients*360 days/turnover).
Calculation method:	The degree of achievement of the indicator is determined: If KPI ≤ 30 days then GI KPI = 100% If KPI > 30 days then GI KPI = 0%

1.4 Operating profit margin

Indicator name:	Operating profit margin
Target value:	Minimum 7.5% in 2023 and 2025-2027 and minimum 7% in 2024
Description:	It measures the company's ability to generate profit
Verification method:	Audited annual financial statements – Statement of profit and loss and other global result elements.
Indicator Formula:	$KPI = \text{Operating Profit Margin} = \text{Operating Profit}/\text{Turnover}$
Calculation method:	The indicator's achievement degree is determined according to the formula: Realized Operating Profit Margin/Target Operating Profit Margin x100.

$$GI\ KPI = Ir/It \times 100$$

KPI	Key performance indicator
GI KPI	Achievement degree key performance indicator
It	Target value (approved) of KPI
Ir	KPI achieved value

1.5 Outstanding payments

Indicator name:	Outstanding payments
Target value:	Level zero
Description:	Compliance with the payment deadlines provided in the contracts
Verification method:	ANAF accounting reporting - Form F30 - informative data within the annual accounting reporting
Indicator Formula:	$KPI = \text{Outstanding payments realized}/\text{Outstanding payments approved} * 100$
Calculation method:	The Degree of achievement of the Key Performance Indicator may be 0% or 100%, as follows: <ul style="list-style-type: none">- 100% - if no outstanding payments are recorded at the end of the financial year for more than 30 days as per the report submitted to ANAF (Form 30);- 0% - if it is being recorded any payment outstanding by more than 30 days as of the end of the financial year.

1.6 Adjusted EBITDA

Name of the indicator:	Adjusted EBITDA = Operating profit - write-back of the reserve out of the modernization quota + Expenses related to the settlement of the modernization quota + Value adjustments on tangible and intangible assets, here included the revaluation differences
Target value:	Minimum 95% out of planned adjusted EBITDA
Description:	Enabling the increase of the operating profit, of the internal financing source for supporting the investment projects, ensuring the dividends due to the shareholders.
Verification Manner:	Audited annual financial statements - Statement of profit and loss and other elements of the global result.
Indicator Formula:	$KPI = \text{Adjusted EBITDA} = \text{Operating profit} - \text{write-back of the reserve out of the modernization quota} + \text{Expenses regarding the settlement of the modernization quota} + \text{Impairments of tangible and intangible assets, here-included the revaluation differences.}$

Calculation method: The degree of achievement is being determined based on the formula:
Adjusted EBITDA achieved/ Target adjusted EBITDA*100

GI KPI = $Ir/It \times 100$
 KPI Key Performance Indicator
 Degree of achievement KPI (Ro. GI ICP)
 Achieved value KPI - (Ro. Ir ICP)
 Target value (approved) KPI - (Ro. Lt ICP)

1.7 Labor Productivity

Name of the indicator: **Labor Productivity**

Target value: Achievement of the labor productivity level provided in the annual Budget, approved.

Description: Labor productivity growth.

Verification Manner: Annual budget execution – Annex no. 1
Form F 30 - informative data within the annual accounting reporting.

Indicator Formula: Total operating revenues (Annex no.1 annual Budget execution)/ Average personnel number

Calculation method: The degree of achievement of the indicator is being determined based on the formula:

Achieved labor productivity/Labor productivity in the annual Budget *100

 $GI ICP = Ir/It \times 100$
 KPI Performance key indicator
 GI KPI Degree of achievement KPI
 It Target value (approved) of KPI
 Ir Achieved value KPI

2. Non-Financial Key Performance Indicators

2.1 Monitoring the annual average specific consumption of electricity for technological purposes

Name of the indicator: **Monitoring the average annual electricity specific consumption for technological purposes**

Target value: Maintenance of the average annual specific technological consumption of electricity at a level of maximum 3.2 Kwh/to.

Description: Monitoring the specific technological electricity consumption and maintenance at the level programmed in the Administration Plan.

Verification Manner: Annual Report of the Head of Maintenance Development Unit.

Indicator Formula: $C_{msta} = (C_{stat} * T_{tt} + C_{stai} * T_{ti}) / T_t$
 C_{msta} = Average annual specific technological consumption
 C_{stat} = Annual domestic crude oil - specific technological consumption
 C_{stai} = Annual import specific technological consumption
 T_t = Total crude oil quantity
 T_{tt} = Domestic crude oil quantity
 T_{ti} = Import crude oil quantity

Calculation method: The degree of achievement of the indicator is being determined based on the formula:

 $C_{msta} = (C_{stat} * T_{tt} + C_{stai} * T_{ti}) / T_t$
 If KPI \leq 3,2 Kwh/to then GKPI =100%

2.2. Framing within the specific consumptions for the crude oil transport (does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in contamination, where the owners do not ease access for remedy).

Name of the indicator: **Framing within the specific consumptions for the crude oil transport (does not include the crude oil quantity lost during provoked breakdowns or in case of breakage resulting in contamination, where the owners do not ease access for remedy).**

Target value: The target value lower than the value of the maximal technological consumption, for crude oil, as follows:

Domestic crude oil $\leq 0.361\%$

Import crude oil: Petrom $\leq 0.143\%$

Import crude oil: Lukoil $\leq 0.290\%$;

Import crude oil: Midia $\leq 0.108\%$;

Description: Monitoring the specific consumptions for the crude oil transport.

Verification Manner: The Annual Report of the Head of Transport Operations Unit, monthly crude oil movements.

Indicator Formula: As per the detail

Calculation method: The degree of achievement of the indicator decreases proportionally with the percentage of exceedance of the indicator set out in the Administration Plan

GI ICP = $\sum (G\ CTRt, G\ CTRI, GCTRp, GCTRm)$

$GCTRt = [(100\% - \% CTRt / \% CTTt) + 100\%] \times \%Qrect / QrecTot$

$GCTRI = [(100\% - \% CTRI / \% CTTI) + 100\%] \times \%Qrect / QrecTot$

$GCTRp = [(100\% - \% CTRt / \% CTTt) + 100\%] \times \%Qrect / QrecTot$

$GCTRm = [(100\% - \% CTRt / \% CTTt) + 100\%] \times \%Qrect / QrecTot$

$\% CTRt = QCTRt / Qrect \times 100$

$\% CTRI = QCTRt / Qrect \times 100$

$\% CTRp = QCTRt / Qrect \times 100$

$\% CTRm = QCTRt / Qrecm \times 100$

$\% Qrect / QrecTot = Qrect / Qrect \times 100$

$\% Qrect / QrecTot = Qrect / Qrect \times 100$

$\% Qrect / QrecTot = Qrect / Qrect \times 100$

$\% Qrect / QrecTot = Qrect / Qrect \times 100$

$\% CTTt$ technological consumption domestic crude oil Administration plan

$\% CTTI$ technological consumption Lukoil import crude oil Administration plan

$\% CTTp$ technological consumption Petrom import crude oil Administration plan

$\% CTTm$ technological consumption Midia import crude oil Administration plan

$QCTRt$ Realized technological consumption domestic crude oil quantity

$QCTRI$ Realized technological consumption Lukoil import crude oil quantity

$QCTRp /$ Realized technological consumption Petrom import crude oil import quantity

$QCTRm /$ Realized technological consumption Midia import crude oil quantity

$\% CTRt$ Realized technological consumption domestic crude oil

$\% CTRI$ Realized technological consumption Lukoil import crude oil

$\% CTRp$ Realized technological consumption Petrom import crude oil

$\% CTRm$ Realized technological consumption Midia import crude oil

QCTRt	Realized technological consumption domestic crude oil quantity
QCTRI	Realized technological consumption Lukoil import crude oil quantity
QCTRp /	Realized technological consumption Petrom import crude oil import quantity
QCTRM /	Realized technological consumption Midia import crude oil quantity
Qrect /	Realized quantity of received domestic crude oil
Qrect /	Realized quantity of received Lukoil import crude oil
Qrecp /	Realized quantity of received Petrom import crude oil
Qrecm /	Realized quantity of received Midia import crude oil
QrecTot	Total received quantity = $=\sum(Qrect, Qrecp, Qrecm)$

G CTRt	Realization degree of domestic crude oil technological consumption
G CTRI	Realization degree of Lukoil import crude oil technological consumption
GCTRp	Realization degree of Petrom import crude oil technological consumption
G CTRm	Realization degree of Midia import crude oil technological consumption
GI KPI	Key indicator fulfillment degree

If GI KPI = $\sum(G CTRt, G CTRI, GCTRp, GCTRm) \geq 100\%$, then GI KPI = 100%
 If GI KPI = $\sum(G CTRt, G CTRI, GCTRp, GCTRm) < 100\%$, then GI KPI = 0%

2.3 Ensuring the maintenance of the NTS

Indicator name:	Ensuring the maintenance of the NTS
Target value:	Realization of minimum 90% of the annual program of planned technical revisions
Description:	Ensuring the maintenance of the NTS
Verification method:	Annual Program of planned technical revisions and Annual Report of the Development Maintenance Head of Unit
Indicator Formula:	KPI = Value of technical revision
Calculation method:	The degree of achievement of the indicator is determined: If KPI $\geq 90\%$, then GI KPI = 100% If KPI $< 90\%$, then GI KPI = 0%

2.4 Average number of training hours per employee (Total number of training hours/ Total number of employees)

Name of the indicator:	Average number of training hours per employee (Total number of training hours/ Total number of employees)
Target value:	Minimum 5 hours of training per employee
Description:	Development of professional abilities and competencies
Verification Manner:	Activity report of the Human Resources Department
Indicator Formula:	KPI = Average number of training hours per employee = Total number of training hours/ Total number of employees*100
Calculation method:	The indicator's achievement degree is being determined as follows: If the KPI ≥ 5 hours per employee, then GI KPI = 100% If the KPI < 5 hours per employee, then GI KPI = 0%

2.5. Performance of the actions set out in the Program for the development of the internal control management system

Name of the indicator:	Implementation of the actions set out in the Program for the development of internal control management system
Target value:	Minimum 90% completed actions provided for in the internal control management system for 2023-2025 and 95% for 2026-2027

Description:	Development of the internal control management system implemented in accordance with the legal requirements in force
Verification Manner:	The internal control management system development program and the annual Report on the internal control management system
Indicator Formula:	KPI = Number of shares realized/Number of shares planned as per the "Program for the development of the internal control management system of CONPET S.A." *100
Calculation method:	The degree of achievement of the indicator is being determined based on the formula:

KPI Performance key indicator

GI KPI Degree of achievement KPI

If GI KPI \geq 90% then GI KPI = 100% for the years 2023-2025

If GI KPI < 90% then GI KPI = 0% for the years 2023-2025

If GI KPI \geq 95% then GI KPI = 100% for the years 2026-2027

If GI KPI < 95% then GI KPI = 0% for the years 2026-2027

2.6 Number of measures from the Integrity Plan in force duly implemented/Total number of due measures from the Integrity Plan in force x100

Name of the indicator:	Number of measures from the Integrity Plan in force duly implemented/ Total number of due measures from the Integrity Plan in force x100
Target value:	Minimum 90% realized measures provided in the Integrity Plan approved for the years 2023-2025 and 95% for the years 2026-2027
Description:	Realization of the measures in the integrity plan
Verification Manner:	Annual report on the implementation of the measures from the approved Integrity Plan.
Indicator Formula:	KPI = Number of measures duly implemented/ Number of due measures from the Integrity Plan in force x100
Calculation method:	The degree of achievement of the indicator is being determined based on the formula:

KPI Performance key indicator

GI KPI Degree of achievement KPI

If GI KPI \geq 90% then GI KPI = 100% for the years 2023-2025

If GI KPI < 90% then GI KPI= 0% for the years 2023-2025

If GI KPI \geq 95% then GI KPI = 100% for the years 2026-2027

If GI KPI < 95% then GI KPI = 0% for the years 2026-2027

2.7 Number of meetings of the Steering Committee

Name of the indicator:	Number of meetings of the Steering Committee
Target value:	Minimum 2 meetings/month (in correlation with the term of office)
Description:	Monitoring the activity of the Steering Committee
Verification Manner:	Reports on the follow-up to the meetings of the Steering Committee
Indicator Formula:	KPI = Number of reports on the follow-up to the meetings of the Steering Committee
Calculation method:	The indicator's achievement degree is being determined as follows: If KPI \geq 2 meetings/month, then GI KPI =100% If KPI < 2 meetings/month, then GI KPI = 0%

2.8 Female management rate

Name of the indicator:	Female management rate
Target value:	Minimum 30%
Description:	Compliance with gender equality
Verification Manner:	Activity report of the Human Resources Department
Indicator Formula:	KPI = Female management rate = Female management number/Total number of managers
Calculation method:	The indicator's achievement degree is being determined as follows: If $KPI \geq 30\%$, then GI KPI = 100% If $KPI < 30\%$, then GI KPI = 0%

2.9 Customer satisfaction score related to the crude oil and derivatives transport activity (Number of answers of 4 and 5 in total number of customer responses)

Name of the indicator:	Customer satisfaction score related to the crude oil and derivatives transport activity (Number of answers of 4 and 5 in total number of customer responses)
Target value:	Minimum 90% answers of 4 and 5 in total number of customer answers
Description:	Customer satisfaction related to the crude oil and derivatives transport activity
Verification Manner:	Customer satisfaction assessment questionnaires and Annual Customer Satisfaction Assessment Report.
Indicator Formula:	KPI = Customer satisfaction score related to the crude oil and derivatives transport activity = (Number of answers of 4 and 5/ total number of customer responses) x100
Calculation method:	The degree of fulfillment of the Key Performance Indicator may be 0% or 100%, as follows: - 100% - if the customers satisfaction score is $\geq 90\%$ - 0% - if the customers satisfaction score is $< 90\%$