

**ANNUAL REPORT  
OF THE ADMINISTRATORS  
OF THE COMPANY CONPET S.A.**

**for the financial year ended  
at  
December 31<sup>st</sup>, 2023**

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## MESSAGE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Esteemed shareholders,  
Esteemed investors,

Having over 120 years of experience in the transport of crude oil via pipelines in Romania, CONPET is a safe, experienced and established company in the oil and gas sector both nationally and internationally.

The continuity, stability and success that define today this company with tradition and of national strategic interest are due to values and principles that have been an unchanged legacy from one generation to another by oilmen. Starting with the professionalism, seriousness and responsibility for an activity with many implications, to the constant concern for development, continuous adaptation and evolution, all these skills led and created the modern and powerful company that CONPET is today.

CONPET performed also in 2023, in several directions: providing services to its customers at the highest quality and safety standards, making significant investments, continuing the professional training of specialists, increased involvement in the community, to which was added an evolution in identifying and carrying out new projects.

In 2023, we achieved the goals we set at the beginning of the year, fulfilling the development plans and strategies we built for operational efficiency, safety and sustainable development.

*CONPET registered, in 2023, a turnover of 485.1 mRON, higher by 2.7% YoY. At the same time, the operating revenues were 540.9 million RON, registering an increase of 3.6% compared to 2022.*

*The operating profit of 66.4 million RON achieved in 2023 was higher by 3.6 million RON as compared to 2022.*

*In 2023, the company registered a net profit of 61.6 million RON, over the budgeted level by 13.6 million RON.*

*In 2023, CONPET reached a capitalization of 708.2 million RON (81.80 RON/share on 31.12.2023) and the dividend yield was 8.40%.*

Achieving the **investments** scheduled for 2023 was a major objective that the company's management closely followed with the well-determined purpose of optimizing the activity, increasing the performance of the National Transport System and safety in operation.

In this context, we mention with priority one of the most important investments made in the last 10 years within CONPET, a large-scale strategic project that was completed in the first quarter of the year - "Replacement of connecting wires on the import crude oil transport pipelines, under crossing the Danube and Borcea arm". Due to the magnitude of the works, the investment effort involved (22 million EUR, excluding VAT), the impact on the environment and the national energy security, the project is a premiere within CONPET, being possible

through a very good collaboration with our contract partners, but also through the special involvement of our specialized personnel.

In a global economic climate marked by concerns for environmental safety, the construction of new pipelines at the under crossing of the Danube and the Borcea arm has led to secure transport and safe operation of crude oil transport pipelines in conditions of maximum safety, demonstrating once again our responsible commitment to protecting the environment.

In this chapter, we remind that CONPET has 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 responsibility towards the environment is inextricably linked to the envisaged performances.

In addition to the environmental protection measures that accompany our core business, CONPET has adopted a strategy that promotes energy efficiency and sustainability. Electric and hybrid cars, photovoltaic panels, as well as electric locomotives have been introduced.

A constant concern of CONPET is represented by the welfare of its employees, as human resource is one of the main values of the company. Professional development and improvement, health maintenance, salary increase, ensuring an optimal balance between professional and personal life are priorities that are continually improving, and 2023 has been a year that has increased these benefits.

At the same time, an important development line for CONPET is represented by corporate social responsibility (CSR) actions. A successful and responsible company at the same time requires care and involvement for the community and its people. We are aware of the role we have and the influence we can exert, so we want to be an example and a positive force in the community.

In 2023, CONPET continued to actively participate in multiple projects, in rural and urban communities, covering various fields – sports, education, social and cultural. As a result of the pandemic, the attention paid to the medical sector has increased considerably, thus our company has played a significant role in supporting major projects to equip hospitals with modern equipment, necessary for the good activity thereof.

Also, at the heart of the concerns regarding the internal dimension of CSR is the training of employees in the spirit of the company's organizational culture, of the principles and values that it promotes and supports in the community. Thus, in 2023, CONPET organized, for the second consecutive year, a blood donation campaign, offering employees the chance to join a noble cause of helping patients in need, in a gesture of empathy and solidarity.

The action and development lines of CONPET are multiple. They include the efficiency and safety of our transport activity, business profitability, interest and trust of investors, environmental protection, welfare and evolution of our own human resource, community involvement, perseverance directed towards excellence and continuous adaptation. CONPET's commitments are always firm, and the actions speak for themselves every year about what it means to involve people, at all levels, in maintaining a business and taking it further with each step.

CONPET carries out, responsibly, that keeps the world moving, being at the same time a company oriented towards the future and ecological practices, which understands to maintain the right balance between past and future, tradition and progress.

Sincerely yours,  
Cristian - Florin GHEORGHE  
Chairman of the Board of Directors

## 1. COMPANY PRESENTATION

### 1.1 Report grounds

The Annual Report of the Board of Directors of CONPET SA for the year ended December 31<sup>st</sup>, 2023, was prepared in accordance with:

- Chapter 3 of the Minister of Public Finances' Order no. 2844/2016 for the approval of the accounting Regulations compliant with International Financial Reporting Standards;
- Article 65 of Law no. 24/2017, republished, regarding the issuers of financial instruments and market operations;
- Annex no.15 on the requirements of the Annual Report, from Regulation no. 5/2018 regarding the issuers of financial instruments and market operations issued by the Financial Supervisory Authority;
- Art. 56 of the Government Emergency Ordinance no.109/2011 *on the corporate governance of the public enterprises*, subsequent amendments and completions;
- Chapter VI Art. 7 regarding the Administrator's Obligations provided in the Mandate Contracts concluded between the administrators and CONPET S.A.;
- Art. 20 Para (1) letter (e) of CONPET S.A. Articles of Incorporation:

### 1.2 SUBSTANTIATION DATA

Date of the report	March 20 <sup>th</sup> , 2023
Issuer's Name	CONPET S.A.
Registered Offices	no. 1-3 Anul 1848 Street, Ploiesti, Prahova County, Zip Code 100559,
Telephone/facsimile number	0244 401360/0244 516451
E-mail/Internet	conpet@conpet.ro / www.conpet.ro
Trade Identification Number at the Trade Register Office	1350020
Trade Registry Number	J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Premium category
Subscribed and paid-up share capital	28,569,842.40 RON
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 RON/share.
Total market value	708,185,790 RON (81.80 RON/share at 31.12.2023)
Applied accounting standard	The International Financial Reporting Standards
Auditing	The Financial Statements concluded on December 31 <sup>st</sup> , 2023 have been audited

### **1.3 Main activities**

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

Since 2002, CONPET is the concessionaire of the operation of the crude oil, rich gas, condensate and ethane National Transport System, based on the oil Concession Agreement concluded with the National Agency for Mineral Resources, approved pursuant to GD no. 793/25.07.2002.

The Crude Oil, Rich Gas, Condensate and Ethane National Transport System (NTS) is being defined and regulated by the Petroleum Law no. 238/07.06.2004 and the Methodological Norms for the enforcement of the Petroleum Law, approved under GD no. 2075/2004 and is part of the state's public property, being of strategic importance.

### **1.4 The company's mission, vision and values**

CONPET mission is the operation of the National Transport System via Pipelines under safety and efficient conditions, free access to the available capacity of the system to all solicitors, authorized legal persons, under equal conditions, in a non-discriminatory and transparent manner.

CONPET Vision mainly aims at:

- Operational effectiveness and safety;
- Performance optimization;
- Sustainable development of the company;
- Ongoing training, adaptability and qualitative increase;
- Social responsibility and respect for the environment.

Company's Values:

- Professionalism, effectiveness and performance;
- Ongoing training, adaptability and qualitative increase;
- Social responsibility and respect for the environment.

### **1.5 Shareholding Structure**

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

The synthetic structure of the Shareholders, on reference date 31.12.2023, is as follows:

- 58.7162% - the Romanian State by the Ministry of Energy;
- 41.2838% - Other shareholders natural and legal persons.

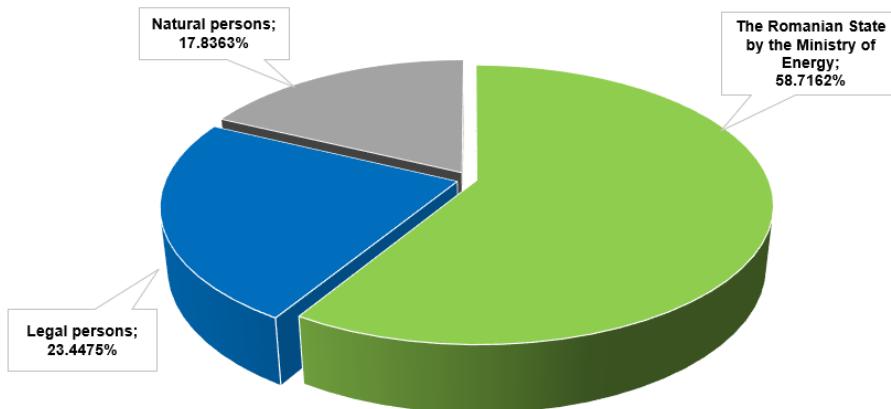


Chart 1 - CONPET S.A. Shareholding Structure on 31.12.2023

The number of CONPET Shareholders registered at Depozitarul Central S.A. at the end of 2023 is 16,248, 5.5% higher than the end of 2021 (15,408 shareholders).

The share capital of CONPET on 31.12.2023 is 28,569,842.40 RON and is divided into 8,657,528 nominative shares, each share with a nominal value of 3.3 RON/share.

CONPET did not perform transactions having as scope its own shares and, consequently, the company does not hold own shares.

## 1.6 Company Organization

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. The NTS is being defined and regulated pursuant to the Oil Law no. 238/07.06.2004 and the Methodological Norms for the Application of the Oil Law, approved pursuant to G.D. no. 2075/2004.

CONPET supplies transport services for its clients via both the National Transport System, conceded under the Concession Agreement and by rail, from the loading ramps to the refineries, for the oil areas which are not connected to the major transport lines.

## 1.7 Strategic development objectives

The strategic objectives established and assumed by the administrators through the Administration Plan, for the period 2023-2027, were defined in close correlation with the strategic directions, vision and expectations of the tutelary authority.

The strategic objectives are:

- boost efficiency and improve the activity performance;
- develop new activities, related and non related to the core business;
- ensuring effective management in human resources management;
- selection of company directors based on criteria of professionalism and integrity;
- ensuring modern management by implementing and maintaining risk management, control, ethics, integrity and corporate governance processes;
- ensuring a balance between the dividend policy and the one regarding the provision of the necessary funds for the investment programs undertaken by the company for development and modernization.

## **2. RELEVANT CORPORATE EVENTS IN 2023 AND TO DATE**

### **February 17<sup>th</sup>, 2023**

The Ordinary General Meeting of Shareholders approved the Investment Program and the Revenues and Expenditure Budget for 2023.

In the same meeting, the OGMS appoints in the capacity of provisional administrators on a period of maximum 4 months, starting 22.02.2023 until 21.06.2023 (inclusive of) Mr. Gheorghe Cristian - Florin, Mr. Buică Nicușor - Marian, Ms. Kohalmi - Szabo Luminița - Doina, Ms. Tănăsică Oana - Cristina, Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai, Mrs. Barbu Irina - Mihaela.

### **April 27<sup>th</sup>, 2023**

The Ordinary General Meeting of Shareholders approved the Annual Financial Statements on the date and for the financial year ended on 31.12.2022. At the same meeting, the OGMS approved the distribution of the net profit for the financial year 2022 and of some amounts of the retained earnings.

### **June 21<sup>th</sup>, 2023**

The Ordinary General Meeting of Shareholders approved the extension of the mandate contracts of the provisional administrators by a period of 2 months, starting from 22.06.2023 until 21.08.2023 (inclusive of), for Mr. Gheorghe Cristian - Florin, Mr. Buică Nicușor - Marian, Ms. Kohalmi - Szabo Luminița - Doina, Ms. Tănăsică Oana - Cristina, Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai, Mrs. Barbu Irina - Mihaela.

### **August 18<sup>th</sup>, 2023**

The General Meeting of Shareholders appointed the administrators of the company with a mandate for a period of four years, starting with 22.08.2023 and until 21.08.2027 (inclusive of), as follows: Mr. Gheorghe Cristian - Florin, Mr. Buică Nicușor - Marian, Ms. Kohalmi - Szabo Luminița - Doina, Ms. Tănăsică Oana - Cristina, Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai, Mr. Dănilă Alin - Mihael.

### **December 19<sup>th</sup>, 2023**

The Ordinary General Meeting of Shareholders approved the financial and non-financial performance indicators, resulting from the company's Administration Plan.

**February 28<sup>th</sup>, 2024**

The Ordinary General Meeting of Shareholders approved the Investment Program and the Revenues and Expenditure Budget for 2024.

### 3. CONPET 2023 – EXECUTIVE SUMMARY

#### 3.1 Operating Activity Indicators

The comparative situation of the quantities of products, crude oil, rich gas and condensate, transported and the revenues obtained based on tariffs approved by order of N.A.M.R., as well as revenues from other types of operations related to transport via the NTS, during 2021-2023, is presented below:

Indicators	M.U.	2023	2022	2021	Variation%	
					2023/2022	2022/2021
Total transported quantities	Thousand tons	6,294	7,100	6,651	▼ 11.4%	▲ 6.8%
Total transport revenues	Million RON	482.9	469.9	410.5	▲ 2.8%	▲ 14.5%

Table 1- Evolution of the transported quantities and transport related revenues during 2021-2023

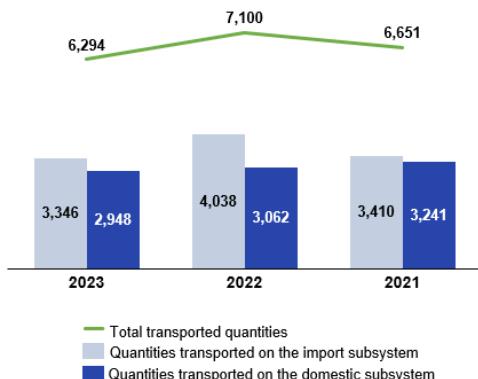


Chart 2 - Evolution of the quantities transported on the Domestic and Import subsystems during 2021 - 2023 (thousand tons)

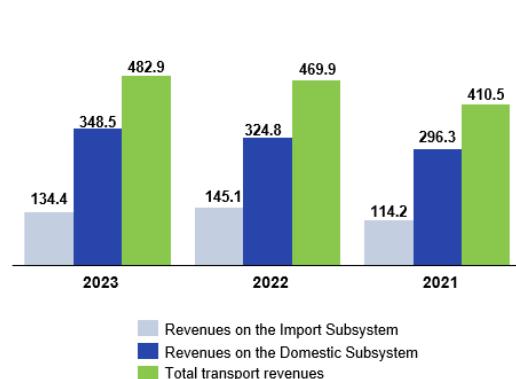


Chart 3 - Evolution of the revenues transported on the Domestic and Import subsystems during 2021-2023 (mRON)

#### 3.2. Financial Results Indicators

The economic and financial activity of CONPET SA in 2023 was performed based on the indicators included in the revenues and expenditure budget.

The comparative evolution of the main indicators of financial results in the period 2021-2023, as well as the change in the values recorded in 2023 compared to budget, is presented as follows:

2023		Variation (%) Achieved/Budget	Indicators (mRON)	2023	2022	2021	Variation%	
Achieved	Budget						2023/2022	2022/2021
<b>485.1</b>	<b>492.8</b>	▼ 1.6%	<b>TURNOVER</b>	<b>485.1</b>	<b>472.2</b>	<b>412.8</b>	▲ 2.7%	▲ 14.4%
540.9	547.0	▼ 1.1%	Operating revenues, out of which:	540.9	522.1	458.4	▲ 3.6%	▲ 13.9%
482.9	490.2	▼ 1.5%	Transport revenues	482.9	469.9	410.5	▲ 2.8%	▲ 14.5%
474.5	493.9	▼ 3.9%	Operating Expenses	474.5	459.3	400.7	▲ 3.3%	▲ 14.6%
<b>66.4</b>	<b>53.1</b>	▲ 25.1%	<b>EBIT (operating profit)</b>	<b>66.4</b>	<b>62.8</b>	<b>57.7</b>	▲ 5.7%	▲ 8.8%
61.5	66.1	▼ 7.0%	Value adjustments on fixed assets, less adjustments related to rights of use resulted from leasing contracts	61.5	53.1	51.9	▲ 15.8%	▲ 2.3%
<b>127.9</b>	<b>119.2</b>	▲ 7.3%	<b>EBITDA</b>	<b>127.9</b>	<b>115.9</b>	<b>109.6</b>	▲ 10.4%	▲ 5.7%
6.4	2.6	▲ 146.2%	Financial Result	6.4	9.3	3.1	▼ 31.2%	▲ 200.0%
<b>72.8</b>	<b>55.7</b>	▲ 30.7%	<b>EBT (gross profit)</b>	<b>72.8</b>	<b>72.1</b>	<b>60.8</b>	▲ 1.0%	▲ 18.6%
<b>61.6</b>	<b>47.9</b>	▲ 28.6%	<b>NET PROFIT</b>	<b>61.6</b>	<b>61.7</b>	<b>51.9</b>	▼ 0.2%	▲ 18.9%

Table 2 – Evolution of the results from the operating and financial activity 2021-2023 and 2023 vs Budget

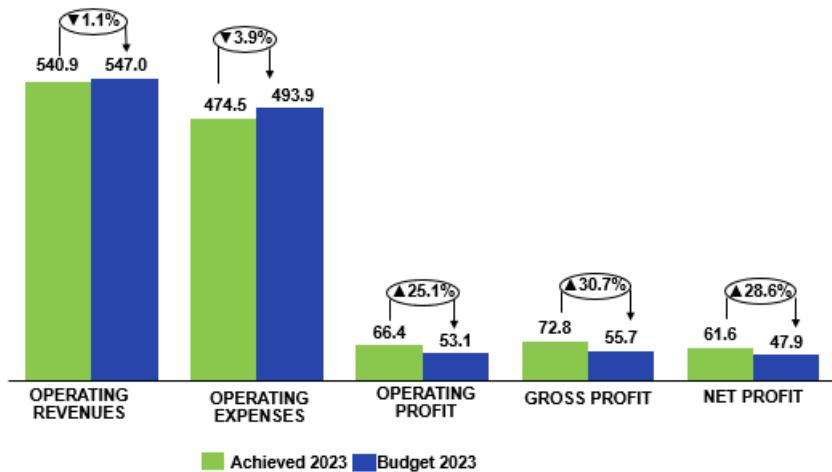


Chart 4 - Analysis of the indicators achieved in 2023 as compared to Budget (mRON)

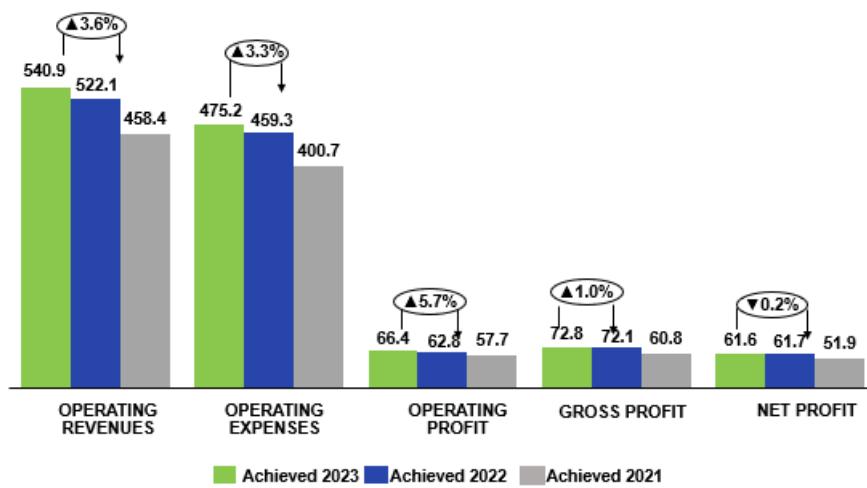


Chart 5 - Analysis of the indicators achieved during 2021-2023 (mRON)

In 2023 the turnover recorded an increase by 2.7% as compared to the level achieved in 2022. Compared to the budget, the turnover decreased by 1.6% (7.7 mRON).

The operating profit, amounting to 66.4 mRON, registered an increase of 5.7% (3.6 million RON), compared to 2022, in contrast, the net profit decreased by 0.2% (0.1 million RON).

As compared to the budget, the net profit is higher by 28.6%.

CONPET is a company paying substantial contributions to the consolidated State budget. The total amount paid in 2023, to the account of the state budget, was of 187 million RON, the most important of which are:

VAT	54 mRON
Tax on salaries and related contributions	76 mRON
Income tax	11 mRON
Oil royalty	38 mRON

### 3.3 Investment Activity Indicators

The investment program related to 2023 included rehabilitation works of major transport pipelines and modernization works for installations and related equipment to the Crude Oil National Transport System.

The investment projects within CONPET target, mainly, enhancing efficiency of the transport activity as well as the operation, under safe conditions, of the National Transport System.

CONPET investments provided in the rehabilitation, modernization and development programs, agreed with the National Agency for Mineral Resources, according to the "Petroleum concession agreement for the operation of the national transport system of crude oil, rich gas, condensate and ethane, including the main pipelines and the ancillary installations, endowments and facilities" are financed from the modernization quota included in the transport tariffs.

In 2023, have been achieved investments amounting **83,062** thousand RON, reaching 74.2% degree of achievement.

2023		Degree of achievement	Investments (thousand RON)	2023	2022	2021	Degree of achievement %	
Program	Achieved						2023/2022	2022/2021
<b>112,000</b>	<b>83,062</b>	<b>74.2%</b>	<b>Total investments, o/w:</b>	<b>83,062</b>	<b>148,712</b>	<b>63,536</b>	<b>55.9%</b>	<b>234.1%</b>
90,000	71,580	79.5%	Public domain	71,580	137,008	45,596	52.2%	300.5%
22,000	11,482	52.2%	Operating domain	11,482	11,704	17,940	98.1%	65.2%

Table 3 – Investments achieved 2023 vs. program and compared to the period 2021-2023

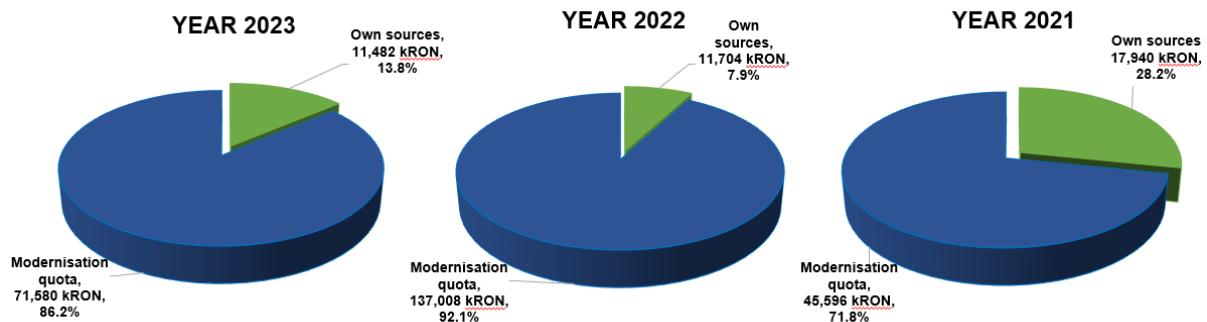


Chart 6 - Share of investments by financing sources in 2021 -2023

### 3.4 Company's Stock Market Indicators

The market capitalization amounted to 708.19 million RON (81.80 RON/share) on 31.12.2023, respectively 586.98 million RON (67.80 RON/share) on 31.12.2022.

The evolution of COTE share and market capitalization during 2021 - 2023 is as follows:

Indicators	MU	31.dec.2023	31.dec.2022	31.dec.2021
COTE closing price	RON/share	81.80	67.80	79.00
Market capitalization	Million RON	708.19	586.98	683.94
	million Euro	142.36	118.64	138.21

Table 4 - Evolution of COTE share and stock capitalization during 2021– 2023

On 31.12.2023, CONPET S.A. ranked 33 according to capitalization, with a value of 708.19 million RON, holding a share of 0.24% in total market capitalization.

The Company CONPET S.A. is being included in 7 indices out of 9 of the Bucharest Stock Exchange, namely BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG and BET Plus. At the same time, starting from March 21<sup>st</sup>, 2022, the shares of the company CONPET S.A. are part of the FTSE Global Micro Cap indices dedicated to emerging markets, and on 01.09.2023, following the quarterly revision of the indices, carried out by the global provider of MSCI indices, CONPET (COTE) is included in the MSCI Frontier IMI and MSCI Romania IMI Investable Market Indices) indices.

In 2023, 13,961 stock transactions have been recorded, with a traded volume of 509,910 shares, the total value of the transactions being 38.96 million RON. During 01.01.2023- 31.12.2023, the minimum trading price amounted to 68.8 RON/share and the maximum price to 82.2 RON/share. On average, 2,056 shares/day have been traded, the average value of a trading day amounting to 157,101 RON/day (248 days).

The net profit per share is of 7.12 RON/share in 2023.

## **4. ANALYSIS OF THE COMPANY'S BUSINESS**

### **4.1 Analysis of the operating activity**

#### **4.1.1 The regulatory Framework**

CONPET SA is the operator of crude oil, rich gas, condensate and ethane National Transport System (NTS). The transport service is being supplied under the natural monopoly regime based on the tariff set by NAMR.

The NTS is being defined and regulated pursuant to the Oil Law no. 238/7.06.2004 and the Methodological Norms for the Application of the Oil Law, approved pursuant to GD no. 2075/2004.

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

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

The NTS was built taking into account the natural distribution of the oil fields, so as to ensure the transport of crude oil from all these fields to the refineries. The system operation is being made based on the local dispatch centers, coordinated from the Company's Central Dispatch. The pipeline network of the NTS is approximately 3,800 km long, currently being used a pipeline network of 3,161 km.

The Crude Oil, Rich Gas, Condensate and Ethane Transport System has in composition more transport subsystems, as follows:

- The domestic crude oil and condensate transport subsystem, consisting of pipelines through which crude oil and condensate are transported from extraction units throughout the country to refineries. The domestic crude oil and condensate production is transported both via pipelines and by rail 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 Pitești refinery. Currently, due to the inactivity of the Arpechim refinery, the subsystem is used only on the pipeline section linking Totea warehouse to Petrobrazi refinery, for the transport of condensate.
- The import crude oil transport subsystem ensures the transport of crude oil from the Oil Terminal Constanța to the refineries in Ploiești (Petrobrazi și Lukoil), Arpechim-Pitești and Midia.

The transport of the crude oil quantities is being performed from the sites of products delivery by the producers or importers, from the extraction areas, or from Oil Terminal to the processing units (refineries), using the facilities inside the pumping stations and the receiving sites.

These facilities shall consist of crude oil and condensate storage tanks, storage tanks for the storage of rich gas, technological pipes from the pumping/receipt warehouses, pumping

aggregates, major pipelines, crude oil and rich gas loading and unloading ramps, rail tank cars.

For the crude oil, rich gas and condensate transport service, CONPET has to develop, on an annual basis, a proper transport program so as to provide free access to the available capacity of the system to all applicants, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

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

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

The transported volume by products - crude oil, rich gas and condensate, programmed and achieved in 2023 and the extent of usage of the transport capacity, are as follows:

Transport Subsystems	Indicators and products	2023	2022	2021	Variation (%) 2023/2022
Domestic crude oil, condensate and light condensate					
DOMESTIC	- programmed quantities (thousand tons)	2,982	3,058	3,260	▼ 2.5%
	- achieved quantities (thousand tons)	2,930	3,045	3,222	▼ 3.8%
	- degree of achievement	98.3%	99.6%	98.8%	-1.3 p.p.
	- degree of use of the transport throughputs	47.4%	49.2%	52.1%	-1.8 p.p.
Rich gas					
	- programmed quantities (thousand tons)	11	9	16	▲ 22.2%
	- achieved quantities (thousand tons)	18	17	19	▲ 5.9%
	- degree of achievement	163.6%	188.9%	118.8%	-25.3 p.p.
	- degree of use of the transport throughputs	24.0%	24.7%	26.6%	-0.7 p.p.
Total domestic subsystem					
	- programmed quantities (thousand tons)	2,993	3,067	3,276	▼ 2.4%
	- achieved quantities (thousand tons)	2,948	3,062	3,241	▼ 3.7%
	- degree of achievement	98.5%	99.8%	98.9%	-1.3 p.p.
	- degree of use of the transport throughputs	47.1%	49.0%	51.8%	-1.9 p.p.
crude oil					
IMPORT	- programmed quantities (thousand tons)	3,358	4,039	3,244	▼ 16.9%
	- achieved quantities (thousand tons)	3,346	4,038	3,410	▼ 17.1%
	- degree of achievement	99.6%	99.9%	105.1%	-0.3 p.p.
	- degree of use of the transport throughputs	27.7%	34.2%	28.9%	-6.5 p.p.
TOTAL	- programmed quantities (thousand tons)	6,351	7,106	6,520	▼ 10.6%
	- achieved quantities (thousand tons)	6,294	7,100	6,651	▼ 11.4%
	- degree of achievement	99.1%	99.9%	102.0%	-0.8 p.p.
	- degree of use of the transport throughputs	34.3%	39.3%	36.8%	-5.0 p.p.

Table 5 - Transported quantities by types of products between 2021-2023

The degree of use of the transport system in 2023 was down by 5 p.p. as compared to 2022, due to the decrease, by 806 thousand tons, in the transported quantities.

In 2023, the refineries in Ploiești were under scheduled technical overhaul, the OMV Petrom refinery between 20.04.2023 – 12.06.2023, and the Lukoil refinery between 01.11.2023 – 30.11.2023.

Of the total quantity of crude oil, condensate and rich gas from indigenous production, transported and delivered to OMV Petrom refinery, approximately 32.8% (967 thousand tons) were transported by rail.

The evolution of the standardized technological consumption per products as recorded between 2021 - 2023, is as follows:

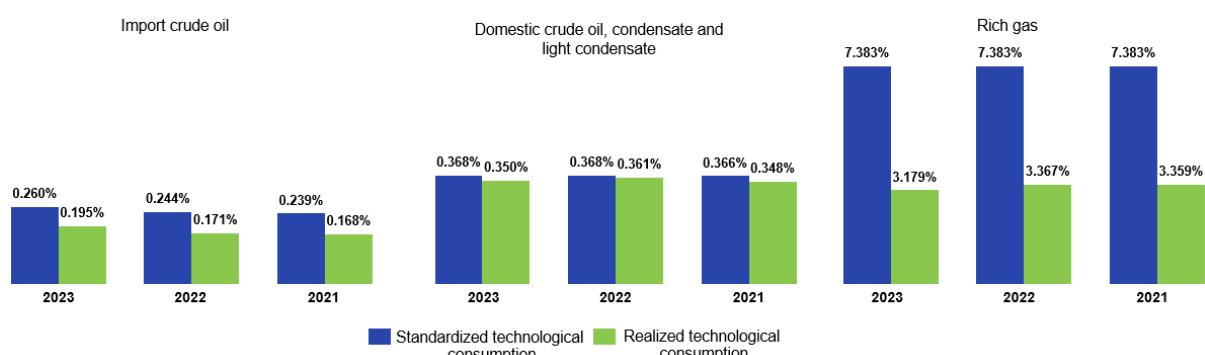
Products	2023			2022			2021		
	Standardized	Achieved	Variation	Standardized	Achieved	Variation	Standardized	Achieved	Variation
Import crude oil	0.260%	0.195%	-0.065 p.p.	0.244%	0.171%	-0.073 p.p.	0.239%	0.168%	-0.071 p.p.
Domestic crude oil, condensate and light condensate	0.368%	0.350%	-0.018 p.p.	0.368%	0.361%	-0.007 p.p.	0.366%	0.348%	-0.018 p.p.
Domestic rich gas	7.383%	3.179%	-4.204 p.p.	7.383%	3.367%	-4.016 p.p.	7.383%	3.359%	-4.024 p.p.

Table 6 - The evolution of technological standardized consumption as compared to achieved between 2021-2023

Chart 7 - The evolution of the technological standardized consumption as compared to the achieved during 2021-2023

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

The tariffs for the supply of crude oil, rich gas and ethane are regulated and approved by the



NAMR and are distinguished for each transport subsystem.

The tariffs applied for the import transport subsystem vary according to the installment of transported quantity, being practiced the bracketing tariff model and the refinery- the hand-over site. Between 2022 and 2023, the following tariffs were applied:

- Tariffs from transport services on Domestic Subsystem

Period	M.U.	Transport Tariffs	Approved by NAMR Order no.
January 1 <sup>st</sup> , 2022 - December 31 <sup>st</sup> , 2022	RON/ton	105.50	229/2021
January 1 <sup>st</sup> , 2023 - December 31 <sup>st</sup> , 2023	RON/ton	117.95	364/2022

Tabel 7 - Transport tariffs Domestic - Subsystem

- Tariffs for transport services on the Import Subsystem

Period	Tranches	Arpechim Refinery	Ploiesti Basin *)	Petromidia Refinery	Approved by NAMR Order no.
	thousand tons/month	RON/ton	RON/ton	RON/ton	
January 1 <sup>st</sup> , 2022 - December 31 <sup>st</sup> , 2022	no more than 80	46.65	45.66	18.51	229/2021
	80 -120	37.32	36.53	14.81	
	120 -160	27.99	27.39	11.11	
	over 160	21.00	20.55	8.33	
January 1 <sup>st</sup> , 2023 - December 31 <sup>st</sup> , 2023	no more than 80	52.25	51.60	20.73	364/2022
	80 -120	41.80	41.28	16.59	
	120 -160	31.35	30.96	12.44	
	over 160	23.51	23.22	9.33	

\*) Petrobrazi Refinery and Lukoil Refinery

Tabel 8 - Transport tariffs import - subsystem

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

The company holds a monopoly position on the pipeline transport market, not having competitors in its main area.

The transport services are being contracted based on the agreements concluded with the clients, drafted according to the frame contract annually approved by the National Agency for Mineral Resources.

Revenues from the provision of transport services and invoiced to beneficiaries increased by 2.8% compared to 2022, reaching the value of 482.9 million RON.

The income statement for each client and their share in the total transport revenues are as follows:

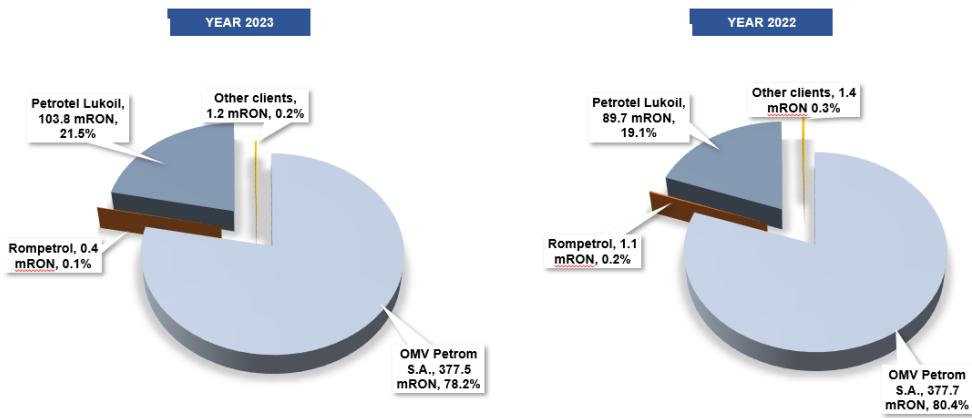


Chart 8 - The evolution of the transport revenues, per clients, achieved during 2022-2023

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

The revenues from the transport services supplied for OMV Petrom account for 78.2% in the total transport revenues of the company.

#### 4.1.3 Other activities

The revenues from other activities hold a share of 0.5% in turnover decreasing by 5.7% (135 thousand RON) compared to 2022, coming from leases of lands and telecommunication equipment, rail shunting, etc.

#### 4.1.4 Analysis of the operating activity

In the table below is presented the evolution of the transport services supply and other services, for the period 2021-2023:

Indicators	M.U.	2023	2022	2021	Variation%	
					2023/2022	2022/2021
Revenues from transport services Domestic Subsystem	Thousand ron	343,752	321,320	293,265	▲ 7.0%	▲ 9.6%
Revenues from transport services Import Subsystem	Thousand ron	130,096	144,044	113,541	▼ 9.7%	▲ 26.9%
<b>Total Operating Revenues<sup>*)</sup></b>	Thousand ron	<b>473,848</b>	<b>465,364</b>	<b>406,806</b>	<b>▲ 1.8%</b>	<b>▲ 14.4%</b>
Revenues from other operations related to transport by NTS	Thousand ron	9,025	4,493	3,671	▲ 100.9%	▲ 22.4%
<b>Total transport revenues</b>	Thousand ron	<b>482,873</b>	<b>469,857</b>	<b>410,477</b>	<b>▲ 2.8%</b>	<b>▲ 14.5%</b>
Revenues from rents	Thousand ron	2,078	1,966	1,633	▲ 5.7%	▲ 20.4%

Indicators	M.U.	2023	2022	2021	Variation%	
					2023/2022	2022/2021
Other revenues	Thousand ron	163	410	677	▼ 60.2%	▼ 39.4%
<b>Turnover</b>	Thousand ron	<b>485,114</b>	<b>472,233</b>	<b>412,787</b>	▲ 2.7%	▲ 14.4%

Table 9 - Evolution of turnover revenues during 2021-2023

\*) Revenues related to transported quantities for which tariffs regulated by NAMR are applied

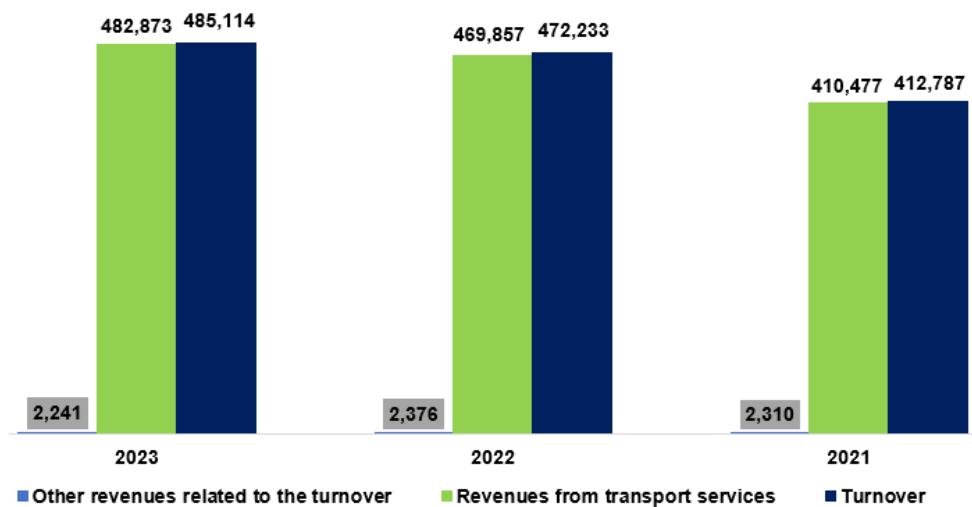


Chart 9 - Evolution in turnover during 2021 - 2023 (thousand RON)

In 2023 the turnover recorded an increase by 2.7% as compared to the level achieved in 2022.

Transport revenues hold a share of 99.5% in total turnover, the remaining 0.5% is revenues from renting land and telecommunications equipment and from shunting wagons.

#### 4.1.5 Analysis of the supply activity

##### The procurement activity

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

During January-December 2023, have been initiated 99 procurement procedures and have been concluded 95 by contracts in total amount of 430,858 thousand RON and 1,118 thousand Euro.

The contracts for the procurement of products and works with a value higher than 500,000 Euro and the services procurement contracts with values higher than 100,000 Euro, concluded between 01.01.2023 and 31.12.2023, were presented in the form of annexes to the preliminary report drawn up for the year 2023, uploaded on the CONPET website on February 28<sup>th</sup>, 2024.

#### 4.1.6. Legal papers concluded according to Art. 52 para. (1) and (3) GEO no. 109/2011

According to the provisions of Article 52 para. (6) of GEO no. 109/2011 "In the half-yearly and annual reports of the Board of Directors [...] shall be mentioned, in a special chapter, the legal acts concluded under the conditions of para. (1) and (3), [...]".

The transactions concluded according to Article 52 of GEO no. 109/2011 in the second semester of 2023 can be found in **Annex no. 1**.

#### **4.1.7 Company mergers and reorganizations, procurements and disposals of assets**

There were no mergers and reorganization activities in the reported period, January – December 2023.

The company has no open subsidiaries in Romania or abroad.

Purchases of tangible and intangible assets in the period January - December 2023 were made in accordance with the investment program and the approved revenues and expenditure budget and are intended for deployment and modernization.

In the reported period there have not been made purchases of assets consisting of buildings and/or lands.

#### **4.1.8 Development of the internal control management system**

##### **The internal control management system**

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

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

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

The main attributions of the Committee for the monitoring of the internal control management system:

- Draws up the Development Program of the internal control management system covering the objectives of CONPET SA in internal control management, including, for each standard of internal control management, activities, officers in charge and deadlines, as well as other relevant elements in implementing and developing the internal control management system.
- Aims to achieve and provides upgrade of the development program of the internal control management system.
- Coordinates the process of updating the general and specific objectives, the procedure activities, the risk management process, the system performance monitoring, the

procedure situation and the monitoring reporting system, respectively information to the Director General.

- Analyzes and gives priority to significant risks, that might affect achieving the objectives of CONPET S.A., by establishing the risk profile and risk tolerance.
- Analyzes and endorses annually the risk profile and the risk tolerance limit proposed by the technical secretariat based on the Risk Registry within CONPET S.A. and submits to approval of the Director General.
- Analyzes the annual plan of implementation of the control measures for the significant risks within CONPET S.A., drafted by the technical secretariat and submits to the approval of the Director General.
- Analyzes the annual report on internal control management system and submits it for approval to the Director General.
- Analyzes and endorses the Report on the status of implementation of the actions included in the Internal Managerial Control System Development Program.

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

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

The Development Program of the internal control management system of CONPET is analyzed annually, on the self-evaluation of the implementation degree, according to OGSG no. 600/2018. The development program of the internal control management system of CONPET SA for 2023 has been approved by the Director General.

According to the provisions of the system procedure "Setting the objectives of CONPET S.A.", SMART objectives have been set for 2023, at the level of all organizational entities. During 2023, some of the specific objectives were revised as a result of changing the assumptions/premises underlying their formulation.

In 2023, meetings of all risk management teams (EGR) were held, in which each team reassessed the risks corresponding to the established objectives and analyzed the status of implementation of control measures. Control measures have been proposed to mitigate risks, as well as deadlines for their implementation, according to the provisions of the system procedure "Risk management". The significant risks and their control measures were the subject of debate within the meetings of the Commission for the monitoring of the internal control management system.

Following these sessions, the risk profile at CONPET S.A. level is as follows:

- 100 tolerable risks (with exposures from 1-4);
- 82 high tolerability risks (exposure between 5-8);

- 16 low tolerability risks (exposure between 9-12);
- 0 intolerable risks (exposure 15-25).

The risk profile at CONPET SA in 2023 as compared to 2022 and 2021, is as follows:

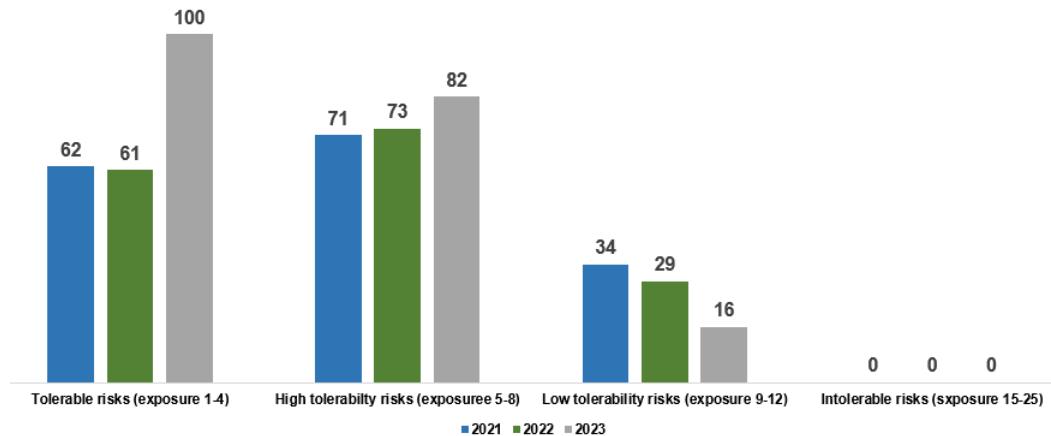


Chart 10 - Risk profile CONPET SA - comparative presentation 2021-2023

During the risk analysis meetings, carried out by the management in 2023, the risk management teams also took into account the risks identified during the external audit on information security. As a result, the number of risks identified in 2023 increased to 198 risks, compared to 163 risks identified in 2022.

The Technical Secretariat of the Monitoring Committee has established the Significant Risk Registry within CONPET S.A. (with a tolerance level higher than or equal to 9). This document was revised three times during 2023, following the reformulation/reassessment of significant risks and the addition with additional control measures, as well as the risk reanalysis in EGR meetings, following the revision of the specific objectives for 2023.

The activities of treatment the significant risks were centralized and the Annual Plan for the implementation of control measures for significant risks has been developed, as required by OGSG no. 600/2018. Following the reformulation/reassessment of significant risks and completion with additional control measures, the Annual Plan for the implementation of control measures for significant risks at Conpet S.A. level for 2023 has been revised.

Based on the Risk Register at CONPET level and the methodology established by the system procedure "Risk Management", the risk tolerance limit at CONPET S.A. level for 2023 is exposure maximum 12, the risk appetite being at a medium level. The management of the company does not tolerate risks with exposure higher than 12. If the exposure of a risk increases above the tolerance limit, the Monitoring Commission shall meet for an analysis/proposal of urgent measures. Following the risk analyses carried out during 2023, no intolerable risks were identified.

In 2023, all the actions included in the development program of the internal control management system at CONPET S.A. have been made within the deadlines set in the program.

Following the self - assessment of the internal control management system in accordance with OGSG no. 600/2018, it has been declared compliant at 31.12.2023 with all 16 standards implemented. The results of the self-assessment and the details regarding the stage of implementation and development of the internal control system were included in the Report on the managerial internal control system (Annex no.4 to this report) and in the centralizing situation regarding the stage of implementation, on December 31<sup>st</sup>, 2023. These reports were also communicated to the Board of Directors and the Tutelary authority.

### **Integrated management system**

Certification of the Integrated management system quality - environment - occupational health and safety was held for the first time in September 2007 with recertification every three years. 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 were 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 ISO 50001:2018 requirements.

Between August 28<sup>th</sup> - September 1<sup>st</sup>, 2023, the external surveillance audit for quality, environmental, occupational health and safety, energy management systems took place, according to the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018, audit carried out by the certification body BUREAU VERITAS. Following the external surveillance audit for the management systems of quality, environment, occupational health and safety, energy, no non-conformities were identified.

The audit team of the BUREAU VERITAS body concluded that the organization CONPET S.A. has established and maintained an integrated management system in accordance with the requirements of the reference standards and has demonstrated its ability to meet the requirements according to the policy, objectives and scope of the organization. As a result, the certification body BUREAU VERITAS recommended maintaining the certificates for quality, environment, occupational health and safety and energy management systems, issued for the organization CONPET S.A.

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

Also, for railway ramps where CONPET S.A. performs only railway shunting in its own interest/for third parties/on industrial railway line that is not owned by the company, the Romanian Railway Safety Authority (Ro. A.S.F.R.) issued the Single Safety Certificate, in accordance with the provisions of the Order of the Minister of Transport, Infrastructure and Communications nr. 743/2020 for the issuance of the single safety certificate to operators performing only railway shunting on Romanian railways. The certificate is updated whenever CONPET S.A. requests the amendment of Annex B containing the list of powered railway vehicles with which the company performs the railway maneuver.

On 31.12.2023, the Single Safety Certificate no. O.M.F. 2023008, valid until 20.09.2025, subject to periodic endorsement at one year.

Starting January 2021, within CONPET has been deployed the anti-bribery management system implementation program, as required by SR ISO 37001:2017, program which 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.

Following the external surveillance audit in June 2023, the SRAC CERT certification body did not identify any non-conformities of the anti-bribery management system and recommended maintaining the certificate of conformity no. 28/13.07.2022 for the anti-bribery management system implemented in the organization CONPET S.A.

In order to determine the effectiveness of the integrated quality - environment - health and safety - energy -- and railway safety management system, in May 2023 the Management Analysis no. 31 was carried out. Following the carried-out analysis, actions were established to increase the effectiveness of the management systems. All the actions included in the Action Plan of AEM 31 have been implemented up to December 31<sup>st</sup>, 2023.

Within the energy management system, the energy objectives and targets for the year 2023 were established as follows:

<b>Energy objective 2023</b>	<b>Energy target 2023</b>
O1: Maintaining energy efficiency for electricity use.	O1/T1: Maintaining the annual average of the specific technological consumption of electricity in the Transport Operations Unit at a maximum level of 3.3 KWh/ton produced O1/T2: Maintaining the electricity annual average consumption in Conpet administrative buildings as compared to the reference period 2019.
O2: Increasing energy efficiency for the uses of natural gas.	O2/T1: Reducing natural gas consumption at CONPET as compared to the reference period 2019.

Energy objective 2023	Energy target 2023
O3: Increasing energy efficiency for uses of diesel.	O3/T1: Reduction of specific diesel consumption for the rail shunting within CONPET as compared to the 2019 reference period
O4: Increasing energy efficiency for the uses of automotive fuels.	O4/T1: Maintaining the auto fuel consumption in CONPET compared to the reference period 2019.
O5: Increasing energy performance for the uses of water	O5/T1: Maintenance of the water consumption at CONPET level, for every location by the observance of the Water Management Rights Permit

Table 10 - Energy objectives and targets 2023

In order to meet these targets, was developed and approved the document: "Action plan for achieving energy objectives and targets 2023".

The internal audit of the integrated quality– environment– occupational health and safety management system and the railway safety management system shall provide information regarding the compliance with the requirements of the references and applicable legal requirements. Internal audits are also aimed at assessing the effectiveness and continuous improvement of the implemented management systems.

The internal audits were conducted in accordance with the approved program for the year 2023 and the audit criteria established in the audit plans. The results were communicated to the audited persons by distributing the audit reports, to which were attached reports of non-compliance and corrective action opened during audits. The company annually provides resources to develop adequate internal audit, mandatory requirement of the reference standards SR SR EN 9001:2015, SR EN ISO 14001:2015, SR ISO 45001:2018, SR EN SR 50001: 2019 and SR ISO 37001:2017, as well as the regulations on railway safety.

#### 4.1.9 Risk management

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

Implementation of the requirements of standard no. 8 "Risk management" was a priority, by documenting and applying the provisions of the "Risk Management" process documents (process sheet, flow diagram and system procedure).

In 2023 have been identified, assessed/reassessed and centralized risks that may affect the achievement of objectives. At CONPET level, a Significant risk register (with exposure level equal to or higher than 9) and an Annual plan containing measures to control significant risks, responsible and time-frames for the measures were developed.

In paragraph 4.1.8 "The development of the internal management control system" includes detailed information on risk management in 2023 within SA.

As regards the risks which may affect the strategic objectives of CONPET S.A., the updated information for 2023 are the following:

- **Operational risk**

Operational risk comes from the Degradation of the National Pipeline Transport System (NTS) due to the low level of utilization (small quantities, reduced frequency) and the potential escalation of the criminal acts related to pipeline attacks bearing significant impact on the National Transport System via pipelines and the environment and the impossibility to carry out railway transport schedules for reasons exclusively related to the railway operator.

In order to control these risks, measures have been established such as: redefining the transport infrastructure according to the demand perspective, extending the implementation of the pipeline leak detection and location system, calculating penalties according to the contract or purchasing the C.F. transport service with another railway operator for routes on which the pipeline transport program is not carried out.

- **Market Risk**

The market risk stems from the fact that the company is not interconnected to other transport systems in the region, being strictly dependent on the level of crude oil processing in Romanian refineries.

With the support of the main shareholder, the Ministry of Energy and the Activity Regulatory Authority (National Agency for Mineral Resources – A.N.R.M.), CONPET is making efforts to identify new opportunities that will lead to increasing the use of the system, while getting involved in regional projects started in its industry, as well as in developing activities related to the core business (provision of crude oil storage services/petroleum products, provision of crude oil transport services with own tankers, etc.).

- **Credit Risk**

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

The company is less exposed to this risk due to the specific nature of the services sold, which are aimed at large companies with a particular financial situation.

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

Credit risk related to trade receivables is low because of the regular collection of counter transport services and guarantees received from customers (letters of guarantee). Even

though there are significant concentrations, the customer base is extremely low, the management considers that the commercial credit risk is low.

- **The risk related to the regulatory framework and authorizations**

Is identified given that the company must obtain and periodically renew a series of approvals, authorizations, obtain certificates, attestations. The company is subject to a large volume of regulations in various fields, which can lead to additional expenses and delays in starting or completing works, with possible negative effects on achieving objectives.

The regulatory framework from the point of view of environmental protection applicable to CONPET S.A. is complex due to the activity of crude oil, condensate and transport gas via pipelines and railways and, for good compliance, all applicable legal requirements and how to implement them have been identified in separate registers, elaborated on environmental factors (water, soil-basement, air, protected areas), regulations (permits), S.E.V.E.S.O., waste.

Controlling the risk related to the regulatory framework is done by closely monitoring newly emerged legal requirements or changes in applicable regulations, as well as by implementing the necessary actions to comply with them. It is also considered to develop and submit proposals for amendments appropriate to the framework in which CONPET operates, when draft regulations are under public debate.

- **Liquidity risk**

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

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

- **Exchange Rate Risk**

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

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

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

- **Risk related to significant environmental aspects**

The risk related to significant environmental aspects comes from the production of technical/caused damages, which can lead to pollution with significant impact on the environment.

This risk shall be contained by developing, implementing and monitoring environmental management programs, which include appropriate actions to control significant aspects of the environment, including major-accident hazards involving dangerous substances.

- **Risk of disputes**

The risk related to litigation is one of the important risks to which the company is currently exposed, as concessionaire of the National Crude Oil, Rich gas, Ethane and Condensate Transport System, having as source the legal regime of the lands under/over crossed by the major transport pipelines established by the provisions of the Petroleum Law no. 238/2004. The number of private properties under/over crossed by pipelines is very high and there is a possibility that more and more owners bring proceedings in Court against the Company in order to obtain substantiated compensations based on the simple presence of the pipelines on their lands. Due to the defective way in which the legal regime of the lands under/over crossed by the major transport pipelines has been regulated, CONPET was and currently is engaged in a series of trials where the owners of those lands claim for the transport pipelines be either lifted, or moved to other sites (and the expense be borne by CONPET), or be granted annual compensations representing consisting amounts of money. Moreover, even some public authorities have laid pecuniary claim about the presence of components belonging to the NTS on the lands owned or managed by them.

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

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

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

**Issues related to the risks caused by the Russia-Ukraine and Israel - Hamas conflicts Crude oil price. 2022 - 2023 Evolution. Evolving estimates for 2024.**

In the first half of 2022, the geopolitical tension with Russia, which culminated in Russia's full-scale invasion of Ukraine on February 24<sup>th</sup>, led to the boost in crude oil prices.

On March 8<sup>th</sup>, 2022, the combination of Russia's invasion of Ukraine and low global crude oil inventories pushed the crude oil prices in 2022 to their highest inflation-adjusted price since 2014, respectively 139 USD/bbl. On December 8<sup>th</sup>, the price of Brent crude oil reached its lowest price since 2022 of 75 USD/bbl and on 30.12.2022 the spot price of Brent crude oil closed at 85 USD per barrel (bbl), 7 USD higher than the price on January 3<sup>rd</sup>, 2022 (78 USD/bbl). The price rose significantly in the first half of 2022, but generally declined in the second half of the year. The Brent crude spot price averaged 100 USD/bbl in 2022 and the WTI spot price averaged 95 USD/bbl.

The war in Ukraine, as well as the war in Israel, have generated a global "enormous readjustment" in energy markets, and oil prices have continued to be high in 2023. Throughout 2023, crude oil price was at lows of 73 USD /bbl, up to highs of 95 USD /bbl.

The price of oil rose on October 9<sup>th</sup>, 2023, due to the war in Israel. Brent oil rose 4.4% and West Texas Intermediate oil rose 4.3% being traded at nearly 86 \$ a barrel.

The war in Israel has raised serious questions about international relations and future oil flows. At present, the tipping point would be Iran. In the scenario of an escalation of the conflict in the Middle East, we can expect a 2-digit percentage increase in international oil prices.

Historically, armed conflicts have led to sharp increases in oil prices, such as the war that led to the first major oil crisis since the mid-70s, when the price climbed by 250% in just six months, but 2023 showed a decreasing influence of geopolitical tensions and, instead, a greater impact of the economy.

A survey performed in December 2023 by Reuters, on 34 economists and analysts estimates that the price of Brent crude oil will average 82.56 USD in 2024, down from the consensus of 84.43 USD in November.

The analysis of the events shows that the Russia-Ukraine war and its subsequent events amplified the high-frequency fluctuation in crude oil prices, resulting in an increase of 37.14 USD or 52.33% (WTI) and 41.49 USD or 56.33% (Brent). The Russia-Ukraine war accounts for 70.72% of the fluctuation in WTI crude oil prices and 73.62% of the fluctuation in Brent crude oil prices during the window of the event, also causing a fundamental change in the long-term trend of crude oil prices.

### **The EU-27 dependency on the crude oil imports from Russia and the impact of the imposed economical sanctions**

In 2021, Russia was the main supplier of crude oil to the EU, with a share of 24.8%, lower by almost 1% as compared to 2020, the European Union importing 2.2 million barrels per day (bpd) of crude oil.

Although it was estimated in April 2022 that the application of the restrictions on Russian crude oil imports (transported by the sea and through pipelines) will induce a major risk of shortage in supply (approx. 1.1 mb/day would remain uncovered on the EU market), according to Eurostat data at the level of October 2022, Russia lost 10.4% of the quantities of oil delivered to the EU-27 in the first 3 quarters of 2022 and at the same time additional sources were

identified, the largest increases in the quantities supplied being recorded by Norway, United States and Saudi Arabia.

The Oxford Institute estimates indicate that in the short term, the US intervention by releasing state oil reserves will reduce pressure, but there will be a major risk of supply shortages, as around 1.1 mb/day remain uncovered. This risk is expressed in case of escalation of the conflict, starting with the first quarter of 2023.

Seasonally adjusted data show that Russia's share of EU imports fell from 9.6% in February 2022 to 1.7% in June 2023, while the share of EU exports decreased from 3.8% to 1.4% over the same period.

### **The capping imposed on the price of oil and oil products coming from Russia**

On December 3<sup>rd</sup>, 2022, the G7 members formally set the price capping for the crude oil at 60 USD per barrel. This price capping applies to crude oil, petroleum oils and mineral oils.

The price cap sets a framework for Russian seaborne crude oil and oil products to be exported to third countries at a capped price, and applies from December 5<sup>th</sup>, 2022 for the crude oil and February 5<sup>th</sup>, 2023 for the petroleum products.

The operation of the price cap mechanism will be reviewed every two months as to respond to market developments and will be set by at least 5% below the average market price for Russian oil and petroleum products, calculated on the basis of the data provided by the International Agency for Energy.

In conclusion, the G7's 60 USD/bbl price cap for the crude oil and its restriction on oil products as of February 2023 will further affect global seaborne oil trade as Russian volumes will have to find new buyers.

In October 2023, more than 99% of sea oil exports were sold with over 60 dollars/barrel.

### **The impact on the oil and gas industry at regional and national level**

Almost all the European refineries that are fueled with Ural oil through the Drujba pipeline system were built to refine this type of crude oil.

The most affected will be the downstream refining sector. According to the Bloomberg-Wood MacKenzie analysis dated May 2022, the worst scenario of the conflict in Ukraine with a severe impact on the EU economy is the total stoppage of gas and oil combined with the lack of close prospects for the substitution of Ural-type oil.

During 2023, more European countries have reoriented to new sources of crude oil. From a regional point of view, the possible alternative sources are: North Africa and the Middle East (Angola, Nigeria, Saudi Arabia, United Arab Emirates, Iraq); the rest of O.P.E.C. Countries +; the United States of America and Canada; Iran and other producers.

The war in Ukraine continues to have profound human, economic and business impacts, driving rising inflation, supply chain pressures and changes in the behavior of the global oil market. The impact of the embargo on Russian crude oil and end products will generate a significant structural disruption of the supply, ongoing price volatility, with an increased risk of recession and possible stagflation.

The global crude oil and products system has suddenly become more complicated, less efficient and more costly.

On the EU markets, effects are expected between moderate influences on the increase in external commercial lending rates and increases in energy prices combined with shortages in the supply of energy raw materials, respectively a high risk of economic recession.

The crude oil market in Europe and especially Central and Eastern Europe will be marked by the following defining lines:

- The crude oil supplies will continue towards Europe on the Drujba pipelines, especially on the southern branch towards Hungary, Slovakia and the Czech Republic;
- the northern branch of the Drujba pipeline, although exempt from sanctions, will cease operations as Germany and Poland prepare to end imports on this route;
- Hungary is preparing for an alternative route by building a joint pipeline with Serbia to allow the supply of the refineries in Pancevo (Serbia) and Szászhalombatta (Budapest) through the Drujba South system, once the supply of crude oil through the Omisalj sea terminal and the Adria pipeline from Croatia is stopped;
- Bulgaria replaced the crude oil imports coming from Russia with crude oil coming from Kazakhstan, Iran and Tunisia starting January 2024.

For the countries in South-Eastern and Southern Europe, respectively Bulgaria and Romania, the ban on the transport of crude oil through the Drujba pipelines has no impact, the crude oil supply to the refineries in Ploiești and Burgas being carried out exclusively through the Black Sea terminals in Constanța and Burgas.

Considering the recent sale of the refinery in Italy by the Lukoil group, the possible reconfiguration of the business model of the Lukoil group in the downstream segment - refining is worth watching.

### **Impact on the activity of CONPET S.A.**

CONPET S.A. watches carefully the evolution of the conflict in Ukraine and analyzes the possible consequences of sanctions and countersanctions associated with it. The potential impact on its operations is regularly examined. Continuous disruption and/or increased commodity flows from Russia to Europe could generate further price increases in the European region. It is a priority for CONPET S.A. to adapt and manage efficiently these changes efficiently in the current economic and geopolitical context.

On short term, the company's activity is not affected. As regards the medium and long-term impact of the conflict and the sanctions imposed on Russia, precise estimates cannot be made at present. Having regard to the partial dependence of our activity on the area affected by sanctions, in particular Russia, in terms of sales, we identify enough factors that suggest that the activity of the company will continue stably in the foreseeable future. Therefore, we anticipate that the impact on the company will be minimal, and it will manage to adapt to changes in the external environment.

- **The Capital Market Risk**

The Romanian capital market registered a positive evolution during the year 2023, continuing the positive upward trend started at the time of evolution to the emerging market status. The daily average liquidity for all types of financial instruments has recorded an upward trend during the analyzed period. Romania's representativity within the indexes of Emerging Markets has improved significantly from year to year. Given that the company CONPET S.A. is included in the composition of the FTSE Global Micro Cap index, the risk of reduced liquidity is diminished.

- **Legislative-related Risks**

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

The effort of the company CONPET to constantly adapt to changing legislative requirements may generate additional costs and possible future changes in the legislative framework could have negative effects on the activity and profitability of CONPET (increased taxes, introduction of new taxes and duties, reduction or suspension of tax concessions, etc.).

Specifically, the changes occurred at the end of 2023 in the fiscal legislation, consisting in increasing the level of the royalty paid for the use of the National Transport System, introduction of a new fee for the crossing of water courses and payment of an additional tax on the revenues achieved by oil companies, have led to the increase of the transport tariffs and, subsequently, the consequences can also be found on the pump price of finished products resulting from the processing of crude oil.

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

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

At December 31<sup>st</sup>, 2023, the structure according to age is not balanced, the age category with the highest rate ratio in the company is ranging between 51 - 60 years old (52.8%) and between 41-50 years old (26.2%).

The average age of the company CONPET personnel is high (49.7 years old) and 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 41.3 years, with an average work experience of 15.9 years.

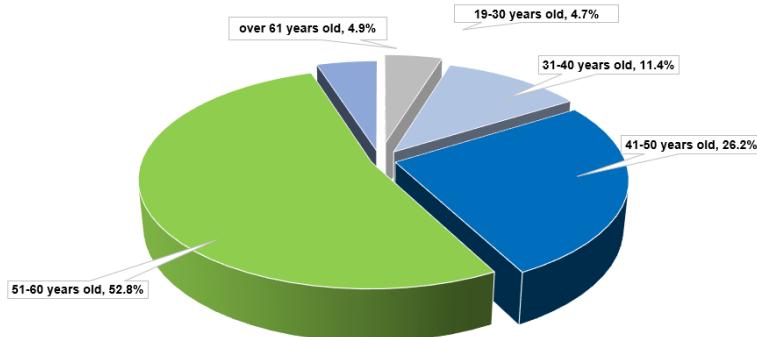


Chart 11 - Personnel structure by age groups 2023

However, the risk of personnel in the future is the company to deal with staff 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).

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

- lack of qualified personnel in order to ensure the continuity of certain activities (e.g. staff with responsibilities in traffic safety) in the case of departures from the system;
- constraints and budget limitations that can restrict the initiation/development of projects in the field of human resources;
- high personnel fluctuation, decreased rate of retention of newly hired personnel or occupying key positions.

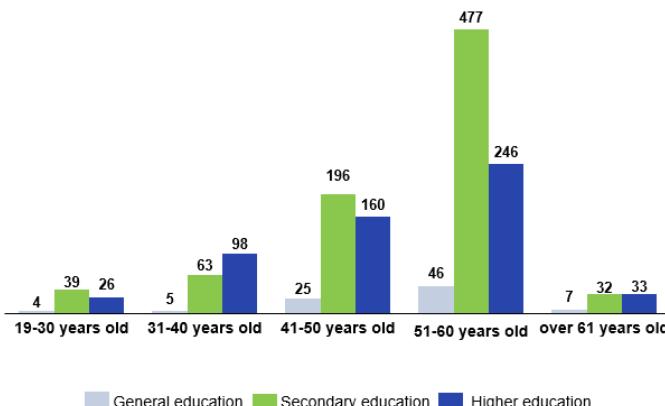


Chart 12 - Personnel structure by studies and age groups in 2023

In terms of level of education, the highest share is for the employees who have medium and higher education and ages ranging from 41 to 60 years old.

It should be noted that the age group of 41-50 years is relatively well represented by the scale of employees who will reach the standard retirement age in at least 12 years and a maximum of 25 years, and about 80 % of this echelon has a seniority in society of more than 10 years. In this regard, the urgent need of vacant posts occupancy is carefully monitored, according to the needs required by organizational entity, the complexity and diversity of activities, skills needed and the responsibility related posts.

#### **4.1.10 Internal and external audit**

##### **Internal audit**

Internal public audit activity within Conpet S.A. is organized at the level of the Internal Public Audit Office and is carried out in accordance with the provisions of the *Internal Audit Charter* at CONPET S.A., endorsed by the Audit Committee within the Board of Directors and the specialized department within the Ministry of Energy and approved by the Director General and of the *Methodological Norms regarding the exercise of the internal public audit at CONPET S.A.*, endorsed by the specialized department within the Ministry of Energy and approved by the Director General, harmonized with the provisions applicable to internal audit in the public and private system. At the level of CONPET S.A., according to the Organizational chart of CONPET S.A. the internal audit structure is established and is functional, the Internal Public Audit Bureau is functionally subordinated to the Audit Committee and administrative and functionally to the Director General.

The internal public audit activity in 2023 was performed based on the Internal Public Audit Plan, endorsed by the Audit Committee and approved by the Director General of CONPET SA.

The core component of the system for reporting the results of the internal audit activity is represented by the internal audit reports, which are compiled at the end of each completed mission and are endorsed by the Director General. The reports include the findings, conclusions and recommendations made by the auditors in order to improve the audited activities, as well as their opinion in relation to the level of functionality and efficiency of the internal control system attached to the areas assessed. The audit team made up of 4 (four) internal auditors annually produces the report on the internal public audit activity carried out at company level, report subject to the endorsement of the Audit Committee and the approval of the Director General.

In 2023, 6 (six) assurance audit missions were carried out including a system mission and 5 (five) compliance missions, framed on the areas „communication and corporate governance”, „acquisition of goods and services”, „prevention of corruption”, „financial - accounting”, „development and investments” and „maintenance” and 20 (twenty recommendations) were formulated.

The missions carried out in accordance with the Internal Public Audit Plan 2023 approached the following topics:

- Organization and coordination of activity within the Communication and Public Relations Department;
- Management of waste contracts within the Administrative – Supply Department;
- Evaluation of the corruption prevention system 2023;
- Organizing and carrying out the inventory of items of assets, liabilities and equity nature;
- Organization and coordination of activity within the Tracking, Performing Works Department;
- Organization of the auto transport activity within CONPET S.A.

The recommendations made during 2023 and in the preceding year by the internal auditors have been implemented or are being implemented by the audited structures in the established term; there have been no cases of depreciation of the recommendations made by the internal auditors and there have been no cases of unspoken recommendations. The Internal Public Audit Bureau shall continuously monitor the implementation of the recommendations and report on a half-yearly report to the Director General and the Audit Committee on the status of the recommendations not implemented and in the process of being implemented.

In October and November 2023, the Internal Public Audit Bureau has updated „The internal audit charter” and „The methodological norms regarding the exercise of the internal public audit activity at CONPET S.A. Ploiesti”, in accordance with the applicable legislation, has received the opinion of the Audit Committee for the Charter and has submitted for endorsement to the Internal Public Audit Compartiment of the Ministry of Energy.

#### **External audit**

The 2023 annual financial statements were audited by the independent financial auditor PKF Finconta S.R.L., appointed by Resolution of the OGMS no.6 dated 28.10.2022 for a period of 3 years.

#### **4.1.11 Assessment of human resources and social dialog activity**

##### **Personnel structure**

The effective number of employees on December 31<sup>st</sup>, 2023 was 1,457 persons.

Following the voluntary, or triggered to other causes personnel termination, the effective number of employees on December 31<sup>st</sup>, 2023 decreased by 6 persons as compared to December 31<sup>st</sup>, 2022.

The evolution of personnel structure by education categories reveals the interest of the company in covering the staff needs with high qualification specialists.

On 31.12.2023, the number of higher education employees maintained at 563 persons as at the end of 2022, while the number of employees with medium and general education decreased from 900 people to 894 people.

<b>Studies</b>	<b>Total</b>	<b>% in total employees</b>	<b>Women</b>	<b>% in total employees</b>	<b>Men</b>	<b>% in total employees</b>
General	87	6.0%	8	0.6%	79	5.4%
Secondary education	807	55.4%	72	4.9%	735	50.4%
Higher education	563	38.6%	211	14.5%	352	24.2%
<b>Total</b>	<b>1,457</b>	<b>100%</b>	<b>291</b>	<b>20.0%</b>	<b>1,166</b>	<b>80.0%</b>

Table 11 - Personnel structure by education level and gender at December 31<sup>st</sup>, 2023

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

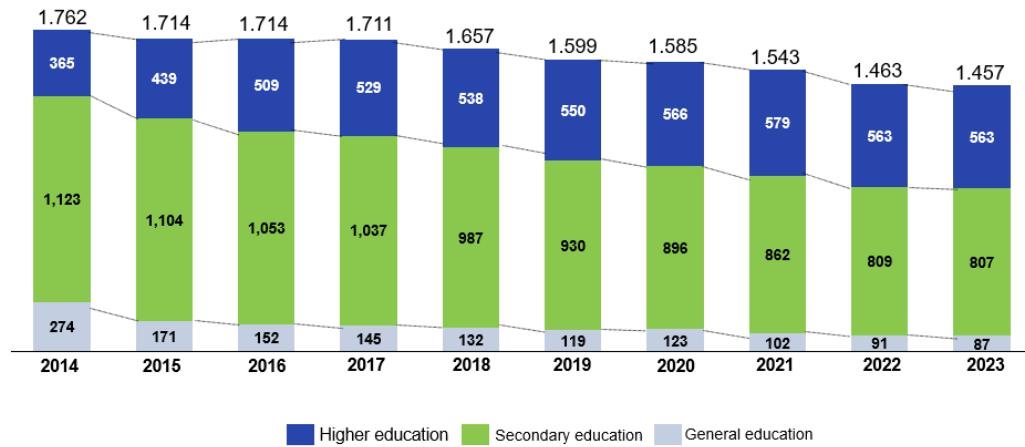


Chart 13 - Evolution of the personnel structure by level of studies between 2014 -2023

The personnel with managerial positions represent 5.3% of the total number of employees and the executive staff amounts to 94.7%. Of all employees with managerial positions 32.5% is represented by female persons.

In 2023 the structure of employees by categories was the following:

- Directly productive 538 employees;
- Technically productive 325 employees;
- Administrative 257 employees;
- Indirectly productive 210 employees;
- General service 127 employees.

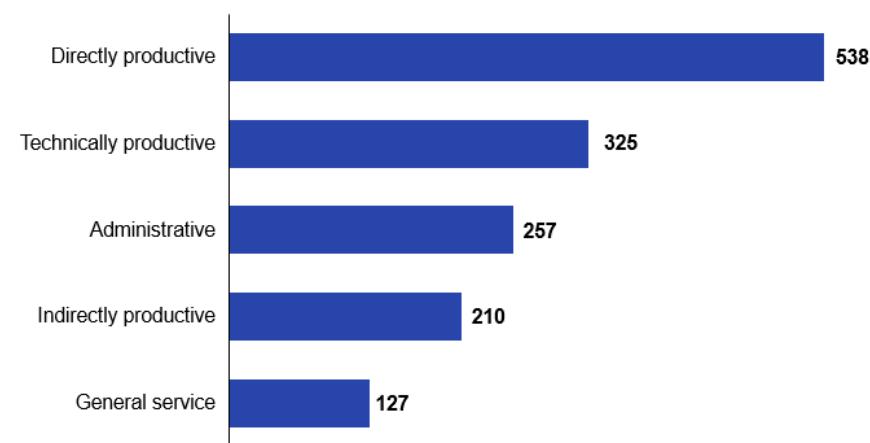


Chart 14 - The structure of employees by category in 2023

The degree of unionization of the workforce at the end of 2023 is 98.6%. During 2023, there have been no elements of a conflicting nature between employees and the management of the company.

## **Aspects regarding the Collective Labor Agreement**

The Collective Labor Agreement is approved by the Board of Directors and is registered with the Prahova Territorial Labor Inspectorate. It is concluded for a period of 2 years, starting with 07.06.2022.

In application of the approved Collective Labor Agreement, 12 protocols were concluded in 2023.

## **Professional Training and Authorization Activity**

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

Training of company personnel is achieved mainly through participation in external courses, organized in collaboration with certified trainers for all fields of activity within the company. Also, training is conducted internally by trainers and/or experts of the company, with a good knowledge and experience relevant to the activity of the company. They support professional training sessions and training with the aim of updating job-specific knowledge and skills, as well as examining or checking the employees participating in the respective sessions.

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

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

Crt.no.	Type of professional training/ authorization	Nuber of participations		
		2023	2022	2021
1	Various fields authorizations (specific per activity)	106	119	73
2	Railway authorizations	376	251	245
3	Training	464	413	302
4	Internal authorizations	407	450	439
5	Qualifications/internal authorizations	1,345	1,167	15
6	<b>Total number of trainings/authorizations</b>	<b>2,698</b>	<b>2,400</b>	<b>1,074</b>

Table 12- Structure of training/professional authorization courses in 2021 -2023

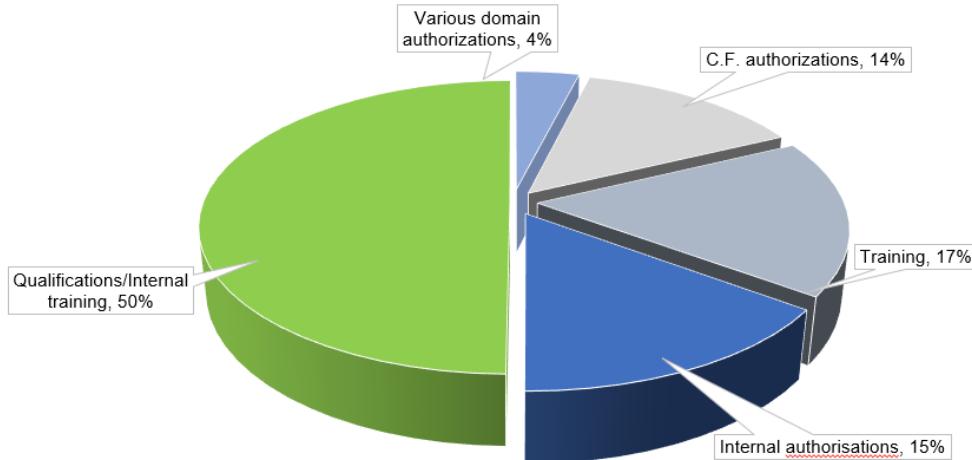


Chart 15 - Type of professional training and authorization in 2023

The situation of professional training expenses made during 2021-2023 is presented as follows:

Indicators (thousand RON)	2023	2022	2021
Authorization courses	228	188	128
Training courses	365	401	279
<b>Total personnel training expenses</b>	<b>593</b>	<b>589</b>	<b>407</b>

Table 13 Professional training - expenses 2021-2023

The training and professional authorization activities of the company's employees for 2021-2023 were carried out by framing within the approved revenues 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 Code of Internal Control Management, Law no.53/2003 republished, - the Labor Code, as well as with the Board of Directors requests, that focus on the individual professional performance, a basic principle in labor relations.

The action for evaluating the professional performance of employees for the activity carried out in 2022 took place in 2023Q1, in accordance with a 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 2022, 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, inclusive of the degree of achievement of the SMART individual performance objectives of the employees occupying management positions.

The evaluation of the professional activity of employees for 2023 will be carried out in the first quarter of 2024.

At the end of 2023, addenda to the individual employment contracts were concluded for the 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 2024.

#### **4.1.12 Analysis of the OHS activity**

##### **Identification of the environmental aspects and environmental impact assessment**

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 the environmental objectives.

During 2023, environmental aspects were reviewed at the site level, focusing on identifying environmental aspects, including, how risks and opportunities related to environmental aspects are treated to prevent and limit their consequences on human health and the environment, using opportunities both for the benefit of the organization, and, as well as the environment. The following documents have been reviewed:

- The Environmental and Actions Management Program containing: the commitments associated to the environmental policy, general objectives and measurable environmental targets, the performance indicators on environmental protection, the positions responsible for the achievement of the environmental targets; as well as actions to achieve environmental objectives, which took into account the significant environmental aspects identified at the level of CONPET S.A., the measures in the inspection reports/ minutes-authorities on compliance with legal requirements and other applicable requirements;
- The list of significant environmental aspects and associated impacts generated at the level of CONPET S.A. company.

The stage of achievement of the objectives, 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, in the framework of the analysis carried out by the management.

##### **Regulation of activities in terms of environment and water management**

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

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), 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 2023 the annual endorsements of the environmental authorizations were obtained. Furthermore, there have been revised:

- The Environmental Authorization 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 for the crude oil loading ramp Marghita, Bihor county;
- The Environmental Authorization for the Transport of hazardous waste, substances and dangerous goods across the country.

As regards the water management regulation, during 2023, 5 water management permits have been renewed for watercourses crossings by pipeline routes related to the N.T.S., namely:

- Water management authorization for Import crude oil transport pipelines Ø 14", 20", 28", Constanța county;
- Water management permit for import crude oil major transport pipelines and local pipelines, Ialomița county;
- Water management authorization for Rampa Imeci, Covasna County;
- Water management permit for import crude oil major transport pipelines and local pipelines, Dambovita county;
- Water management permit for crude oil, rich gas and ethane transport pipelines in Dolj County.

Having regard to the content of the Emergency Ordinance no. 52 of 31.05.2023 for amending and completing some water regulations establishing new tariffs, their implementation generating an impact on the company's profit, we specify the following aspects:

- The transport pipelines, active/inactive/conservative, managed by CONPET company, cross water courses - natural monopoly of strategic interest held by the National Administration "Romanian Waters";
- The administration of crude oil/rich gas/ethane/fiber optic pipelines is regulated in terms of water management, with a number of 39 water management authorizations at the company level, their content includes, among others, the crossing points of the watercourses, as well as the crossing lengths;
- According to the current legislative amendments - Art. 81, Paragraph 34 of the Water Law no.107/1996: „For the use of the public domain, in order to cross/under cross the goods managed by the National Administration "Romanian Waters", a charge of use is established”;
- The amount of the tariffs for the use of the public domain, in order to cross/over cross the goods administered by the National Administration "Romanian Waters" is regulated by the above-mentioned normative act and is found in Annex 5, item 7.3, this being of 5.2 RON/lm per crossing, VAT excluded/month;
- In order to estimate the financial impact generated by the application of the legal norm, all crossings and under crossings, as well as the crossing lengths found in the current water management authorizations have been identified and centralized. Following their

inventory, the costs with the new usage tariff for 37,845 l/m of pipes amounts to approx. 196.79 thousand lei, VAT excluded/month;

At the same time, in Art. 81 Par. 3<sup>1</sup> of the Water Law nr. 107/1996 a new letter (e) was inserted, with the following content: "*e) contribution related to general administrative, maintenance and development expenses, for the sustainable management of the infrastructure of the National Water Management System, at a fixed rate, applicable to all users of water resources by categories of resources and users*".

This fixed quota is paid annually and is additional to the subscriptions concluded with A.N.A.R. for the payment of water consumption.

Following the inventory of the existing drillings in CONPET S.A. working points, the total value for one-year amounts to 62.7 thousand RON.

### **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 supervisors 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 Control Management Departments and the Internal Public Audit Department.

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 2023, were recorded 46 external inspections of the environmental authorities in the counties where CONPET S.A. operates.

The personnel within the sectors, namely the HSEQ responsible perform scheduled inspections, as per the annual Chart of inspection with regards to the compliance of the legal requirements and other applicable requirements, but also unscheduled inspections as per the attributions of the job description.

During 2023, 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 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. Therefore, in 2023 there have been reported accidental pollutions in the areas: Lipănești, Paralela 45, Măgurele, Plaiul Corbului-Matița, Găgeni, Urlați (județul Prahova), Valea lui Traian, Cumpăna (Constanța county), fixed point Argeș (Giurgiu County), Valea Lupului-Colțești (Gorj county), Icoana, Oteștii de Jos (Olt county), Ghimpăti (Dâmbovița county).

The expenses made in 2023 for the decontamination of the affected areas reached 253 thousand RON.

For compliance with the regulations required by the national legislation in force on the environment, regarding management of dangerous waste, "paraffin - type" and "tank sludge", the company CONPET has the obligation to contract services for recovery/disposal thereof avoiding sanctions provided by GEO no. 195/2005 on environmental protection, Law 17/2023 on the approval of GEO no. 92/2021 on waste regime and GD no. 1061/2008 on the transport of hazardous waste in Romania.

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

The expenses for the execution of the slurry cleaning services carried out in 2023 were 456 thousand RON.

In the process flows performed by CONPET SA, periodically, based on maintenance programs, the major and/or local crude oil transport pipelines are subject to inside cleaning with special devices called "pigging". Following the execution of inside cleaning of these pipelines, of the related keyboards, of the filters from pumps or skids, paraffin is generated which is a hazardous waste according to environmental legislation in force. This waste was stored in metal dumps, located in the technological premises of the company, until its disposal by authorized operators, contracted by the company.

The expenses related to the paraffin cleaning services carried out in 2023 amounted to 7 thousand RON.

### **Monitoring of environmental factors**

Based on the requirements of the chapter "Environmental Monitoring" included in the environmental permits, "*The annual program for monitoring and measuring the characteristics*

*of the environmental factors 2023*" has been developed which has included the performance of the following parameters:

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

To determine the level of pollution for the environmental factors: water, air, soil and noise, analysis 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 analyzes to monitor environmental factors were taken through laboratories accredited according to SR EN 17025: 2005.

The results of monitoring the environmental factors are communicated to the environmental authorities as required by environmental permits. In 2023, the costs for environmental factors monitoring amounted to 26 thousand RON.

## 4.2 Analysis of the Development Activity

#### 4.2.1 Main components of the NTS infrastructure

Below is represented, on the map of the country, the Crude oil, Condensate, Rich gas and Ethane National Transport System.

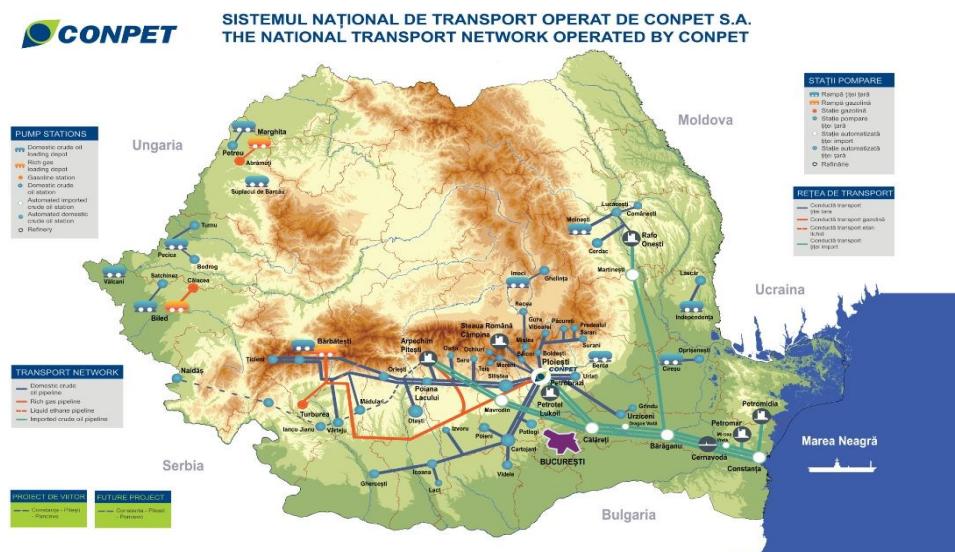


Chart 16 - The National Transport System operated by CONPET

Given the natural distribution of the oil fields spread over the entire Romanian territory, the National Transport System was built so as to meet the transport needs from all those fields to

the refineries. The system operation is being made based on the local dispatch centers, coordinated from the Company's Central Dispatch.

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

### **The domestic crude oil and condensate subsystem transport**

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

This subsystem has the following main components:

- **Ardeal component**, used to transport crude oil from the deposit to the railway loading ramps in rail tanks and by rail to the refineries in Ploiești or to Bărbătești unloading ramp.
- **Moldova component** used to transport crude oil from the production units related to Lucăcești, Comănești and Cerdac pumping stations to Rafo Onești and Dărmănești refineries. Currently, as the processing plants of crude oil from Rafo Onești and Dărmănești refineries do not operate anymore, the pumping of the crude oil taken over for transport is taken to the warehouse of Moinești loading ramp. From here the oil is transported by rail tanks to Petrobrazi, Petrotel- Lukoil refineries or other destination, depending on customer requests. During 2017, following the takeover of the concession by Mazarine of several oil fields in the region of Moldova, the Cerdac deposit was closed. The crude oil extracted from this area is being transported by the storage trucks to Ghelința/Comănești deposit.

Starting 2019, the crude oil from Ghelința storage warehouse is transported by tankers to the loading dock Imeci, loaded into railway tanks and transported to Petrobrazi/Lukoil refinery.

- **Ghercești - Ploiești** component includes takeover of the crude oil from the production units related to Ghercești, Lact, Izvoru, Videle, Poeni, Roata and Potlogi pumping stations and transport of crude oil by pipeline to Petrobrazi refinery in Ploiești.
- **Ticleni–Ploiești component** includes two main lines with a length of approx. 250 km, line I and line II.

The major pipeline line I ensures the transport of crude oil from Ticleni and from Bărbătești unloading ramp to the refineries in Ploiești (with the possibility of pumping to Arpechim Pitești terminal, as well).

The major pipeline line II collects the crude oil and condensate from the pumping and repumping stations Mădulari, Orlești, Otești, Poiana Lacului, Oarja, Saru, Siliște and Bucșani for supply to the refineries in Ploiești (or to the terminal in Arpechim Pitești).

- **Muntenia basin pipeline component** includes pipelines used to transport the crude oil from the stations and deposits close to the city of Ploiești.
- **The local pipeline component** used to transport crude oil from deposits to the loading ramps in railway tanks, and from here to the refineries in Ploiești.

### **The rich gas transport subsystem**

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

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

Rich gas transport via pipeline in Arpechim refinery has been suspended since April 2011. In 2017, the dower of the rich gas pipeline 6%" line I Bărbătești – Ploiești has been discharged, in length of 289 km.

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

### **The ethane transport subsystem**

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

### **Import crude oil transport subsystem**

The import crude oil transport subsystem ensures the transport of crude oil from the Oil Terminal Constanta to the refineries in Ploiești, Petromidia Refinery and Arpechim Pitesti. The import crude oil transport subsystem consists of the following pumping stations: Constanța South, Mircea Vodă, Bărăganu, Dragoș Vodă, Călăreți, Mavrodin și Mărtinești. Depending on the chosen pumping type, different pumping scenarios can be performed for each transport relationship.

In 2023, the new under crossings of pipelines 20" and 28" Constanta – Baraganu were put into operation, at the Danube under crossing points C1 – C2 and Borcea arm under crossing C3 – C4.

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

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 31.12.2023, the company also owns a fleet of 246 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.).

#### **4.2.2 The wear degree of the company's properties**

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

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

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

After 2007, the emphasis has been mainly placed on the further modernization of the pipeline system.

In order to correctly determine the parts of the pipes to be replaced, periodically the pipes of the transport lines are inspected with smart pigging for the determination of the parts of the spent pipe.

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

The pipelines that make up the Crude Oil National Transport System over cross/ under cross various watercourses.

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

- low weirs;
- bank protections upstream and downstream of the low weir;
- wave crushers;
- piles foundation consolidation;
- bank protections on the route of the pipelines which are parallel with the river bed (damaged bank);
- other works related to pipeline consolidation.

In 2023, the new under crossings of pipelines 20" and 28" Constanta – Baraganu were put into operation, at the Danube under crossing points C1 – C2 and Borcea arm under crossing C3 – C4.

The modernization of the pipeline transport subsystems also included the investments made at the other technological components of the system, namely:

- pumping stations;
- technological installations;
- PSI facilities;
- technological and administrative buildings;
- energy, thermal and telecommunication installation;
- other auxiliary components.

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

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

Compared to the above, it can be appreciated that the technical condition of the Crude oil National Transport System via pipelines, operated by CONPET, is an appropriate one.

#### 4.2.3 Investments achieved in 2023

The achievement of the investments program approved for the year 2023 is the following:

Crt. No.	Name of the element – thousand RON	2023 Program	Achieved 2023	Degree of achievement %
	TOTAL GENERAL, out of which:	<b>112,000</b>	<b>83,062</b>	<b>74.2%</b>
<b>I</b>	<b>PUBLIC DOMAIN</b>	<b>90,000</b>	<b>71,580</b>	<b>79.5%</b>
1	Pipelines rehabilitation, o/w:	25,681	18,004	70.1%
1.1	Pipeline replacement	24,315	17,927	73.7%
1.2	Safe disposals	1,366	77	5.6%
2	Replacement of connection lines Danube crossing C1-C2 and C3-C4 Borcea arm	28,782	28,782	100.0%
3	Modernization and monitoring of the cathodic protection system related to the NTS domestic and import	2,950	1,554	52.7%
4	Technical support and consultancy	25	0	0.0%
5	Tanks	3,603	2,972	82.5%
6	Energy works	3,497	2,581	73.8%
7	Telecommunication works	1,600	1,000	62.5%
8	Pumping systems modernization	7,531	5,762	76.5%
9	Stations/ramps modernization	10,672	6,973	65.3%
10	Buildings, stations fencing	1,155	248	21.5%
11	Automation and SCADA works	4,454	3,704	83.2%
12	Other expenses	50	0	0.0%
<b>II</b>	<b>OPERATING DOMAIN</b>	<b>22,000</b>	<b>11,482</b>	<b>52.2%</b>

Crt. No.	Name of the element – thousand RON	2023 Program	Achieved 2023	Degree of achievement %
	Investment objectives, o/w:	18,148	8,990	49.5%
1	Pipelines rehabilitation	2,600	1,003	38.6%
2	Buildings, stations fencing	2,443	458	18.8%
3	LDH and tank cars	7,020	4,506	64.2%
4	Other works	5,277	2,351	44.6%
5	Intangible investments	808	672	83.2%
	Independent facilities and equipment	3,852	2,492	64.7%

Table 14 - The achievement of the investment program 2023 as compared to Program 2023

### **Significant investment objectives completed in 2023**

- Replacement of connection lines Danube crossing C1-C2 and C3-C4 Borcea arm;
- Replacement of crude oil transport pipeline L1 Ø 8 ½ " Ticleni Bărbătești, in the water access road site Bărbătești City Hall, approximately 200 m;
- Replacement of a crude oil section Ø 6 ½" Urziceni-Albești area, Parepa locality, 1500 linear meters in length;
- Replacement of a section of about 500 m length pipeline Ø 5 9/16 Copăceni - Vega Refinery and smart pigging;
- Replacement of Ø 20" C4 Bărăganu crude oil transport pipeline along 3 lines, C2-C3 along 6 lines, Ialomița county;
- Replacement of Ø 20" Bărăganu-Călărești crude oil transport pipeline along 6 lines, Călărași County;
- Condensation tank Barbătești station;
- Moreni crude oil tanks;
- PSI tanks in Constanța and Pecica stations;
- Cathodic protection systems related to the domestic and import NTS;
- Tele-transmission and tele-management of the power consumptions in 8 work sites of CONPET;
- Modernization of Marghita ramp;
- Expanding Cyber + Telecom telecommunications locations for SCADA system and weighing system;
- Realization of an electricity production system (a photo voltaic power plant) with photo voltaic panels in the precinct of Administrative Headquarters 2;
- Conversion of two diesel-hydraulic locomotives into electric locomotives.

### **Significant investment objectives in progress on 31.12.2023**

#### **PUBLIC DOMAIN**

- Replacement of pipeline Ø 20" Constanța county - C1 - 8 sections;
- Cathodic protection systems related to the domestic and import NTS;
- Modernization of pumping station Ochiuri;
- Rehabilitation works at Cireșu loading ramp;

- Upgrade of Moreni station;
- Upgrade of Mislea station;
- Biled Fire Prevention and Security tank;
- Buffer tank Independenta;
- Tele-transmission and tele-management of the power consumptions in 7 work sites of CONPET;
- Extension of SCADA system - 4 ramps and 5 stations;
- Rehabilitation of pumps room and connection buildings in Calareti station;
- Smart pigging of Ø10 ¾" F1 Barbatesti – Ploiesti Vest and Ø 10¾" F2 Orlesti – Ploiesti (Petrobrazi) pipelines;
- Replacement of pipeline section Ø 6 ½" Paduret II - Buda over a distance of 7,600 m;
- Replacement of pipeline section Ø 8" Moreni - Mija approx. 7,200 m and pigging stations;
- Safe disposal of the Ø 12" and Ø 14" Cartojani-Ploiesti pipelines at the over crossing of Cricovul Dulce;
- Replacement of Ø 8 ½" Lucăcești-Vermești crude oil transport pipeline - the section from Deal Măgura to Vermesti in approx. 9 km in lenght.

#### **OPERATOR FIELD**

- Conversion of diesel locomotive in electric locomotive;
- Replacement of pipeline section Ø 6 ½" Warehouse Petrom Orzoaia de Sus – Urlați crude oil station, about 1,600 m in length.

Commissioning achieved in 2023 amounted to 183,684 thousand RON, out of which, per financing sources:

- 173,114 thousand RON out of the modernization quota;
- 10,570 thousand RON out of other own sources;

#### **4.2.4 Disputes and other aspects on the company's tangible assets**

During 2023 CONPET SA was involved in a total of 142 litigations. Among them, 45 litigations have been completed.

**The most important disputes in which the company is involved are presented below:**

***a) The disputes concerning the ownership of the tangible assets of the company***

CONPET S.A. is not involved in trials regarding the claim of ownership of certain real estate.

***b) Litigation in connection with the claims of the owners of the lands crossed by the Crude Oil National Transport System.***

On 31.12.2023, CONPET S.A. had a number of 14 files before the courts in different procedural stages, having as subject the claims of the landowners related to the lack of use of the owned lands transited by the major pipelines that are part of the Crude Oil National Transport System. Among these, we list a number of 10 cases that we consider to be important in terms of the amount of the applicants' claims and representative through the legal content of the applications (the rest of the cases outlining some of the types of legal proceedings listed below):

## **1. File no. 3451/108/2016\*\*\* – Timisoara Court – pending**

### **Trial stage: Appeal - retrial**

By Decision no. 761/23.11.2017 the Court of Appeal Timișoara admits the appeal of the applicant Territorial Administrative Unit of Pecica, Arad County, annuls the appealed judgment and sends the case for retrial to the Arad Tribunal. Decision no. 761/23.11.2017 was appealed by CONPET S.A. at the High Court of Cassation and Justice.

**Clarifications:** The Territorial Administrative Unit of the city of Pecica has filed a petition requesting the court to order the obligation of the defendant CONPET S.A. to divert the crude oil pipeline that crosses a number of 22 plots of building land, intended for housing construction, to pay the amount of 65,000 Euro representing the value of a building that could no longer be capitalized, to pay an annual rent, during the existence of the pipeline, as a result of the enclosing of the areas shown above by the right of legal servitude exercised by CONPET S.A. and to compel the defendant CONPET S.A. to pay compensation for the period 31.10.2014-31.05.2016 as a result of the limitation of the attributes of the ownership of the 22 plots of building land and the decrease of the fair market value of the land in the real estate market due to the restrictions imposed by Order no.196/2006 of NAMR regarding constructions. At the same time, he requested that the defendant CONPET S.A. be ordered, from 3 to 3 years, to adapt the amount of the damages to the value of circulation at that time of similar lands and of the provisions of the future orders of the N.A.M.R.

By the Report dated 07.06.2018 the High Court of Cassation and Justice declared Conpet's appeal as inadmissible, being promoted against a final judgment, which does not fit into the hypothesis regulated by Art. 483 Para.1 Code of Civil Procedure. The parties submitted their views on the report. By the Conclusion dated 10.10.2018, the High Court of Cassation and Justice basically admits the appeal declared by the claimant-defendant Conpet S.A. against the civil decision no. 761/A of November 23<sup>rd</sup>, 2017 issued by the Timișoara Court of Appeal – Second Civil Section.

By **Decision no. 615/22.03.2019** the High Court of Cassation and Justice admits the appeal filed by the appellant-defendant Conpet S.A., scrapps the decision under appeal and refers the case to a new trial to the same court of appeal – the Timișoara Court of Appeal.

By **Decision no. 306/07.06.2021** Timișoara Court of Appeal rejects the appeal declared by the appellant-claimant, the Territorial Administrative Unit of Pecica city.

The sentence was appealed by the Territorial Administrative Unit of Pecica city.

By **Decision no. 641/15.03.2023** the High Court of Cassation and Justice admits the appeal, scrapps the decision under appeal and refers the case to a new trial to the same court. Final judgement.

By **Decision no. 621/13.12.2023** the Court of Appeal of Timișoara admits the appeal of the applicant Territorial Administrative Unit. Pecica city. It partially changes the appellant's sentence in the sense that it admits in part the request for summons made by the claimant the Territorial Administrative Unit Pecica city in opposition to the defendant CONPET S.A. and obliges the defendant to pay the amount of 137,045.69 EUR as compensation in favor of the claimant. It upholds the rest of the appealing sentence. It obliges the respondent to pay in favor of the appellant the amount of 17,579 RON as legal expenses. The decision can be object to appeal after communication.

## **2. Case File no. 1372/212/2017\*\* - Constanta Court of Appeal – pending**

### **Trial stage: Appeal**

Cruceanu Alin Florinel filed a petition against CONPET S.A. requesting the court to rule the obligation of Conpet SA to pay damages equal to the market value of the real estate property with a surface of 460 sq.m located in Lazu commune, Luceafărului street, Constanța county and of the real estate property with a surface of 460 sq.m located in Lazu commune, 31 Luceafărului str., Constanța county, the equivalent value estimated at 30,000 EUR, the equivalent in 134,700 RON; the obligation of Conpet SA to pay the equivalent value of the lack of land use in the form of an annual rent for the last three years; the obligation of Conpet SA to pay the legal expenses of settling the present request. Subsequently, the claimant specified his action regarding the second head of claim, requesting the court to order Conpet SA to pay the amount representing the lack of use of the two real estate properties for the period between 10.12.2015 and the date of the final judgment through which the first head of claim was allowed.

Conpet formulated the reconventional petition requesting the court to rule the obligation on the claimant to allow CONPET S.A. the exercise of the right of legal servitude instituted by the provisions of art. 7 and et seq. of Law no. 238/2004 on the two plots of land owned by the claimant Cruceanu Alin Florinel, situated in Agigea commune, Lazu village, 29, Luceafărului street, respectively 31, Luceafărului street, Constanța county. The exercise of the right of legal easement is to be done on a 2.4 meter wide corridor located along the main crude oil transport pipeline Ø 20" Constanța-Bărăganu for the purpose of permanent access to the pipeline in order to daily check the condition of the pipeline and to perform the execution of any repair works and for the establishment of the amount of the annual rent provided by law owed by us to the claimant in exchange for exercising the right of legal easement.

Conpet also filed an impleader request with the Ministry of Public Finance and the National Agency for Mineral Resources (N.A.M.R.) that if Conpet S.A. Ploiești will fall into claims regarding the claimants' claims made in the summons to compensate us with the amounts we will be obliged to pay to the claimants.

**Clarifications:** By **Sentence no. 8561/14.07.2021** the Constanța Courthouse rejects, as unfounded, the exception of the lack of passive procedural quality invoked by the Romanian State through the Ministry of Public Finance, the NAMR and the Ministry of Energy. It rejects as unfounded the pleas of the lack of passive procedural quality regarding the impleaders the Ministry of Public Finance, National Agency for Mineral Resources. It admits the request formulated by the claimant Cruceanu Alin Florinel, against the defendants CONPET S.A., the Romanian State through the Ministry of Public Finance, the National Agency for Mineral Resources and the Ministry of Energy. It obliges the defendants, jointly and severally liable, to pay to the claimant the amount of 184,700 RON representing the market value of the land building in surface of 460 sq.m located in Lazu Commune no.b29 Luceafărul Street, Constanța County and the market value of the land building with an area of 460 sq.m located in Lazu Commune, no. 31 Luceafărul Street, Constanța county. It obliges the defendants, jointly and severally liable, to pay to the claimant the amount of 22,164 RON representing the equivalent value of the lack of land use between 10.12.2015 -10.12.2018. It rejects, as unfounded, the request for impleader formulated by CONPET SA against the Ministry of Public Finances. It rejects, as unfounded, the impleader formulated by CONPET SA against the National Agency for Mineral Resources. It rejects, as unfounded, the counterclaim formulated by CONPET SA against Cruceanu Alin Florinel. It obliges the defendants jointly and severally liable to pay to the claimant the legal expenses in the amount of 8,414.28 RON represented by the stamp duty and the expert's fee. The court order was attacked with appeal by CONPET S.A., N.A.M.R., the Romanian State through the Ministry of Public Finance and Cruceanu Alin Florinel.

By **Conclusion no. 1548/07.10.2021** it was admitted the exception for lack of jurisdiction of Civil Section 1 of Constanta Tribunal, and the jurisdiction to resolve the appeal has been declined in favor of Civil Section 2 of Constanta Tribunal.

By **Decision no. 1003/08.07.2022**, Constanța Tribunal rejects, as unfounded, the appeal filed by the applicant appellant Cruceanu Alin Florinel in opposition with the defendants CONPET S.A., the Romanian State through the Ministry of Public Finance, the National Agency for Mineral Resources and the Ministry of Energy. Admits the appellants' appeal: the National Agency for Mineral Resources, the Romanian State through the Ministry of Public Finance through the Regional Directorate of Public Finances Galati – County Administration of Public Finances Constanta County and CONPET S.A. It changes in part the Civil Sentence 8561/14.07.2021, pronounced by the Constanța Courthouse in the File no. 1372/212/2017, as follows: It admits the exception of the lack of passive procedural capacity of the defendants, the National Agency for Mineral Resources and the Romanian State through the Ministry of Public Finance - regarding the summons request. It rejects the summons request filed by the claimant Cruceanu Alin Florinel against the defendants the Romanian State through the Ministry of Public Finance and the National Agency for Mineral Resources, as being filed against persons without passive procedural standing. It rejects, as unfounded, the summons request filed by the claimant Cruceanu Alin Florinel against CONPET S.A. It rejects, as unfounded, the request for summons in the guarantee formulated by the defendant CONPET S.A. against the National Agency for Mineral Resources and the Romanian State through the Ministry of Public Finance. It admits the counterclaim filed by the defendant CONPET S.A. against the claimant Cruceanu Alin Florinel. Establishes in favor of CONPET S.A. an easement right with a total area of 81 sq.m over the applicant's lands consisting in the right of use over an area of 2.4 meters wide placed along the crude oil pipeline that under crosses the applicant's lands, as identified by the expert Datcu Dumitru by Annex to the Answer to objections (f. 229, vol. 2 from the file of Constanța Courthouse) - blue cross hatch. It establishes the annual rent owed by the defendant to the claimant in the amount of 693 Ron. It forces the claimant Cruceanu Alin Florinel to pay the defendant CONPET S.A. the amount of 3,853.75 Ron as legal expenses.

The judgment was attacked with recourse by Cruceanu Alin Florinel.

By **Conclusion no. 23/22.03.2023** Constanta Court of Appeal admits the exception of the lack of procedural (functional) material competence of the second civil section of insolvency and litigations with professionals and companies of Constanta Court of Appeal. Declines the jurisdiction to settle the case in favor of the Civil Section I of the Constanta Court of Appeal. Without possibility of appeal.

By **Conclusion no. 86/10.05.2023** the Civil Section I of the Constanta Court of Appeal admits the exception of lack of procedural jurisdiction in solving the appeal. Declines the jurisdiction to settle the Appeal in favor of the Civil Section II of the Constanta Court of Appeal. It notes the negative conflict of competence. Suspends ex officio the trial of the case and orders the submission of the file to the High Court of Cassation and Justice in order to resolve the negative conflict of jurisdiction arising.

By **Decision no. 1833 of 26.10.2023**, the HCCJ establishes the competence to settle the case in favor of the Constanța Court of Appeal, Civil Division II, for insolvency and litigation with professionals and companies. Final judgement.

### **3. File no. 18344/212/2017- Constanta Court - pending**

**Trial stage: Appeal**

Mitu Dumitru and Mitu Rodica initiated a law suit requesting the court to rule the obligation of Conpet to pay damages for the two plots of land located in Lazu village, Agigea commune, Constanța county affected by the route of some pipelines that transport oil products, as well as ordering the defendant to pay an annual rent for the lack of use of the land affected by the exercise of the right of legal servitude, starting with 20.06.2014 and of compensation in the form of an annual payment for affecting the use of the part of the land on which the pipeline is not located, with the obligation to pay the court costs.

Conpet formulated a reconventional petition requesting the court to rule the obligation of the claimants to allow the company CONPET S.A. the exercise of the right of legal servitude instituted by the provisions of Art. 7 et seq. of Law no. 238/2004 on the two plots of land owned by the claimants. The right of legal servitude shall be exercised on a 2.4-meter-wide corridor located along the F2 Ø 20" Constanța-Bărăganu crude oil major pipeline for the purpose of permanent access to the pipeline for the day-to-day inspection of the pipeline condition and for performing any repairs and to set the amount of the annual rent prescribed by the law owed by Conpet to the claimants in exchange for the exercise of the right to legal servitude. Conpet also formulated a petition of summoning in guarantee the Ministry of Public Finance and the National Agency for Mineral Resources (N.A.M.R.) so that if CONPET S.A. Ploiești falls in claims regarding the claims of the claimants formulated in the legal petition to compensate us with the amount that we shall be obligated to pay the claimants.

**Clarifications:** By **Sentence no. 3555/11.04.2023** the Constanța County Court rejects as unfounded the exception of the lack of passive procedural quality of the defendant CONPET S.A. invoked by way of defence. Rejects as unfounded the plea of lack of passive locus standi of the summoned under guarantee the Romanian State through the Ministry of Public Finance through the Regional Directorate of Public Finance Galati - County Administration of Public Finance Constanța, invoked by the statement of claim. Dismisses as unfounded the plea of lack of locus standi of the defendant, the National Agency for Mineral Resources. Dismisses as unfounded the plea of lack of locus standi of the defendant, the Ministry of Energy, invoked by way of defence. Dismisses the application for summons as unfounded. Rejects as devoid of purpose the claim for warranty. It admits the counterclaim filed by the defendant CONPET S.A. against the claimant Mitu Dumitru and Mitu Rodica. Orders the applicants Mitu Dumitru and Mitu Rodica to allow the company CONPET S.A. to exercise the legal easement right established by the provisions of Art. 7 et seq. of Law nr. 238/2004 on the two plots of land owned by the applicants Mitu Dumitru and Mitu Rodica, located in County Constanța county. The right of legal servitude shall be exercised on a 2.4 meter wide corridor located along the F2 Ø 20" Constanța-Bărăganu crude oil pipeline for the purpose of permanent access to the pipeline for the day-to-day inspection of the pipeline condition and for performing any repairs. Establishes the amount of the annual annuity owed to the applicants in exchange for exercising the right of legal easement at the amount of 81 RON, which will be updated annually with the inflation rate. Orders the applicants to pay to the defendant reconvenient CONPET S.A. the sum of 3,350 Ron, by way of costs.

The decision was appealed by the plaintiffs.

By **Decision no. 284 /11.03.2024** Constanța Tribunal rejects the appeal, as unfounded. With the right of appeal after communication.

**Court hearing:** --

#### **4. Case File no. 220/262/2017\*- Ploiești Court of Appeal – pending**

**Trial stage: Appeal**

Chivu Ion filed a petition requesting the court to rule the obligation of Conpet SA to divert the crude oil pipeline passing through his property in surface of 1,753 sq.m located in Ocnița commune T14, P114, the establishment of the access location with the obligation of Conpet SA to pay an annual rent related to both the access, road and the pipeline that damages the land and damages for the land affected by the pipeline.

**Clarifications:** By **Sentence no.1000/05.11.2019** the Moreni Courthouse partially accepts the main part of the petition. The court partially admits the counterclaim.

The judgment was attacked with appeal by Conpet SA and Chivu Ion.

By **Decision no. 223/02.06.2020** the Dâmbovița Tribunal accepts the appeals, annuls the judgment appealed and sends the case back to the first court.

By **Sentence no. 694/06.10.2022** Moreni Law Court admits the request in part. Rejects, as unfounded, the plea of lack of passive locus standi of the defendant applicant Conpet S.A. as regards the heads of claim for compensation and annuity, raised by him.

It accepts the plea of lack of passive locus standi of the defendant plaintiff Conpet S.A. as regards the head of claim relating to the diversion of the oil pipeline, and, consequently, dismisses this head of claim in contradictory with the defendant plaintiff Conpet S.A. as having been brought against a person without passive locus standi.

It admits the request to show the right holder made by the defendant-claimant CONPET S.A. with regard to claim no. 1 (concerning the diversion of the pipeline) regarding the Romanian State, through the Ministry of Public Finance, represented in the process by the Dâmbovița County Administration of Public Finance.

Rejects as unfounded the plea of lack of passive locus standi formulated by the Romanian State, through the Ministry of Public Finance, through the Dâmbovița County Administration of Public Finances.

Notes that by civil decision no. 432/30.05.2018, pronounced by the Dâmbovița Tribunal, the request for showing the right holder filed by the defendant-applicant CONPET S.A. also with regard to the National Agency for Mineral Resources (with reference to the head of claim aimed at diverting the pipeline) was granted.

It finds that the plea of inadmissibility raised by the defendant-applicant Conpet S.A. was qualified as a basic defence.

Admits in part the main application, as it was stated, brought by the applicants - the defendants Chivu Ion and Chivu Florica Daniela in contradiction with the defendant - applicant CONPET S.A., intervenor the Romanian State through the Ministry of Public Finance - Regional General Directorate of Public Finance Ploiești, and principal intervenor the National Agency for Mineral Resources (N.A.M.R.).

It admits in part the counterclaim, made by the defendant-applicant CONPET.

Orders the defendant plaintiffs to abolish the construction without a permit-cellar existing on the land belonging to them, located on the crude oil transport pipeline 6 5/8" Ochiuri Moreni, which under crosses the land located in Ocnița, T 14, P 1 14, cadastral number 159 Land Book no. 70441, Dambovita county identified according to the sketch drawn up in the expertise report in the topography specialty dated 19.02.2018 (f, 259 vol. II initial file).

Establishes the amount of the annual annuity owed by the defendant plaintiff CONPET S.A. to the defendant plaintiffs for the exercise of the easement right established by Art. 7 Para. I of Law nr. 238/2004 on the land owned by the defendant plaintiffs, on the corridor of 2.4 sq.m, located along the transport pipeline, at the amount of 21.14 Ron and obliges the applicant defendant to pay to the defendants' complaints from the date of the final stay of the present sentence.

Dismisses the remainder of the summons and the counterclaim.

It admits, in part, the parties' request on the award of court costs and orders the plaintiff defendant to pay to the defendant plaintiffs the sum of 2,239 Ron as costs, in proportion to the admitted claims.

Orders the defendant plaintiffs to pay the sum of 1,247 Ron as costs to the defendant plaintiff CONPET S.A., in proportion to the admitted claims.

It compensates the legal expenses, within the limit of the amount of 1,247 RON and it obliges the defendant claimants to pay to the claimant defendant the uncompensated difference of 992 RON in legal expenses.

The decision was appealed by Chivu Ion.

By **Decision no. 194 /23.03.2023** Dambovita Tribunal rejects the appeal as unfounded.

Chivu Florica – Daniela and Chivu Ion filed an appeal.

By **Decision no. 73/07.03.2024** Ploiești Court of Appeal admits the exception to the ineligibility, invoked ex officio. It rejects the appeal as inadmissible. Final judgement.

**Deadline:** --

## **5. Case File no. 5413/204/2017 \*- Prahova Tribunal – pending**

**Trial stage: Merits - retrial**

Dobrogeanu Dumitru and Dobrogeanu Păun loan filed a petition of trial asking the court to rule the obligation of CONPET SA to pay an annual rent for the land plots occupied by the two oil products pipelines (crude oil) starting 01.07.2014 and in the future, for the entire duration of the pipelines, to pay the compensation for the losses incurred by not reaching certain economic objectives on the remaining area between the two pipes after their restriction and the area along the national road DN1 (E60) and payment of court costs. The first part of the claim was estimated by the claimants at the amount of 48,000 Euro/year (220,000 RON), and the second part at the amount of 25,000 RON/year.

**Clarifications:** By **Sentence no. 2446/28.08.2018** the Prahova Tribunal admits the exception of the lack of passive capacity to stand trial, invoked by the defendant National Agency for Mineral Resources. It dismisses the action, in contradiction with that defendant, as being brought against a person without procedural capacity. It admits the exception of the res judicata. It dismisses the claim filed against the defendant SC Conpet SA, as there is res judicata. It finds that the defendants have not applied for legal expenses.

The decision was appealed by Dobrogeanu Dumitru.

By **Decision no. 2804/11.11.2019** the Ploiești Court of Appeal rejects the appeal filed by the appellant Dobrogeanu Dumitru as unfounded. It admits the plea of inadmissibility of the cross-appeal. It dismisses as unfounded the cross-appeal declared by the appellant Dobrogeanu Păun loan.

The decision was attacked with recourse by Dobrogeanu Dumitru and Dobrogeanu Păun loan.

By **Decision no. 206/04.02.2021**, the High Court of Cassation and Justice rejects the appeal filed by the claimant Dobrogeanu Păun loan against the civil decision no. 2804 of November 11<sup>th</sup>, 2019, pronounced by the Ploiești Court of Appeal, Civil Section I. Admits the appeal declared by the applicant Dobrogeanu Dumitru against the same decision. It scrappes the appealed decision and the civil sentence no. 2446 of August 28<sup>th</sup>, 2018 of the Prahova Court and sends the case for retrial to the Prahova Court.

**Deadline:** 21.03.2024

## **6. Case File no. 4395/270/2020 - Onești Court - pending**

**Trial stage: First court on merits**

**Object:** Onești Municipality and the Local Council of Onești Municipality, Bacău County, have sued Conpet S.A. asking the court:

“1. The obligation of the defendant at the conclusion of the agreement for the exercise of the right of legal easement over the lands with an area of 11,474.5 sq.m, crossed and affected by crude oil transport pipelines within the municipality of Onești, equivalent to the payment of an annual rent, during the existence of the pipelines, to the local budget of Onești municipality, determined according to the principle of the least violation of the property right and calculated taking into account the circulation value of the affected real estate, established under the law, at the time of the damage.

2. Obligation of the defendant to pay material damages, representing the consideration of the lack of use of land in the surface of 11,474.5 sq.m under crossed and affected by crude oil transport pipelines within the radius of the municipality of Onești, established according to the Market Study approved by the Decision of the City Council no. 199 of 29.11.2018, respectively according to the Updated Market Study approved by the City Council Decision no. 122 of 29.06.2020, calculated starting from 2017 until the date of conclusion of the Convention for the exercise of the right of legal servitude on such land, plus late increases, interest and late payment penalties in the amount provided for in the Code of Tax Procedures applicable during that period.

3. The obligation of the respondent to pay the trial costs incurred by this trial”.

**Deadline:** 26.09.2024

## 7. Case File no. 1657/91/2020 \*- Vrancea Tribunal – pending

**Trial stage: First court on merits**

**Parties:** Vasile Maria Ilaria - at S.C.P.A. Buruian, Caracaș and Associates - Plaintiff

Dragu Georgeta - at S.C.P.A. Buruian, Caracaș and Associates - Plaintiff

The company Conpet SA Ploiești - defendant

The Romanian State - by the Ministry of Public Finance - defendant

The National Agency for Mineral Resources - defendant

**Object:** By their summons, the claimants Vasile Maria-Ilaria and Dragu Georgeta requested to the court to:

A. Mainly, to oblige the defendant to pay an annual rent of 496.64 Euro for the pipe protection area belonging to the defendant and passing through the private property of the undersigned, starting from the date of registration of this application for legal action;

B. In particular, to oblige the defendant to pay an overall compensation of 508,080 Euro for the assignment of the attribute of use of the good according to its intended purpose, i.e. that the undersigned cannot build construction on the private property;

C. In particular, to oblige the defendant to pay the legal interest for the annual annuity referred to in item A, starting from the date of registration of the application for this legal appeal;

D. Mainly, order the defendant to pay legal interest for the global indemnification provided for in item B, starting from the date of registration of the present summons.

E. In the alternative, we request you to order the other two defendants to pay the amounts indicated in the preceding paragraphs.”

Conpet filed a counterclaim in this case, requesting the court:

1. To oblige the complainants Vasile Maria – Ilaria, Dragu Georgeta and Dragu Maria to allow the company CONPET S.A. the exercise of the right of legal services established by the provisions of Art. 7 et seq. of Law no. 238/2004 on the land owned by them, situated in Focșani city, Vrancea County. The exercise of the right of legal easement is to be carried out in a passage of 2.4 meters wide located along the Ø 20" Bărăganu - Borzești/Rafo Onești crude

oil transport pipeline standing for purposes of permanent access to the pipeline in order to verify the day-to-day management of the status of the pipe and the execution of any repair works. The exercise of the right of easement is to be carried out throughout the existence of the pipeline located on the claimants' land but not later than the date of termination of the oil concession agreement concluded by us, signed by CONPET S.A., with the Romanian State.

2. To establish the amount of the annual rent provided by law due by us, the undersigned CONPET SA, to the claimants Vasile Maria- Ilaria, Dragu Georgeta and Dragu Maria in exchange for exercising the right of legal easement, rent consisting in the equivalent value of the annual land use affected by the exercise of the legal easement.

**Clarifications:** By Conclusion no. 71/09.03.2021 Vrancea Tribunal Civil Section I declines jurisdiction to hear the case in favour of the Second Civil Section of the Vrancea Tribunal.

**Deadline:** 19.03.2024

## **8. Case File no. 32294/299/2020 - Bucharest District 1 Courthouse - in the course of settlement**

### **Trial stage: First court on merits**

**Parties:** CONPET SA – defendant - counter claimant

Bob Mihăiță - claimant-defendant

NAMR - defendant

**Object:** Bob Mihăiță files a summons requesting the court to order:

1. The obligation of Conpet SA and NAMR to move the crude oil pipeline crossing the land owned by the claimant located in Cernavoda, plot 1, plot A6/2, Constanța county.
2. The establishment of the equivalent value of the lack of use, for a period of three years, prior to the formulation of the summons, amounting to 150,000 RON;
3. In the alternative, the obligation of Conpet SA to pay an annual rent for the use of the land owned by the claimant, from the date of filing the summons, in the amount of 5 Euro/sq.m/year for the area of 14,645 sq.m, land affected by the protection and safety area, during the existence of legal easement.
4. Payment of legal fees.

Conpet formulated the counterclaim/re conventional petition requesting the court:

1. To order the claimant to allow CONPET S.A. the exercise of the right of legal servitude established by the provisions of Art. 7 et seq. of Law no. 238/2004 on the land owned by the claimant Bob Mihăiță located in Cernavoda, plot 1, plot A6/2, Constanța County. The exercise of the right of legal servitude is to be carried out on a 2.4 meter wide corridor located along each of the main crude oil transport pipelines that under-cross the claimant's land, respectively the F1 main crude oil transport pipeline Ø 14¾", F2 main crude oil transport pipeline Ø 20", and Pipeline 28 Constanța - Bărăganu of crude oil transport Ø 28", for the purpose of permanent access to pipelines for daily verification of the condition of pipelines and execution of possible repair works. The exercise of the right of legal easement is to be carried out throughout the existence of the pipelines located on the land of the claimant, but no later than the date of termination of the oil concession agreement concluded by us, the undersigned Conpet SA, with the Romanian State.

2. To establish the amount of the annual rent provided by law due by us, the undersigned, to the claimant in exchange for exercising the right of legal easement.

Conpet S.A. filed a call for Romanian State Guarantee through the Ministry of Finance and NAMR.

Conpet S.A. formulated a request of identifying the holder of the right in rem.

**Clarifications:** By Conclusion dated 06.08.2021, the Bucharest District 1 Courthouse rejects the exception of the lateness of the request for impleader and of the request for showing the right holder, invoked by the National Agency for Mineral Resources, as unfounded. It rejects the exception of the lack of representative capacity of the National Agency for Mineral Resources, invoked ex officio, as unfounded. It rejects the request for an impleader from the Romanian State, by the Ministry of Finance and the National Agency for Mineral Resources, as inadmissible in principle. It rejects the request to show the right holder of the Romanian State, through the Ministry of Finance and the National Agency for Mineral Resources, as inadmissible in principle. The conclusion can be appealed with the merits.

**Deadline:** 09.04.2024

## 9. Case File no. 2323/120/2018- High Court of Cassation and Justice- pending

**Trial stage: Appeal- filtering**

**Parties:** CONPET SA- defendant - counter claimant

Buzatu Florin- claimant- respondent

**Object:** Buzatu Florin has filed a sue petition, asking the court:

1. Order the respondent Conpet SA to pay the claimant the amount of 150,000 EUR, payable at the BNR exchange rate on the day of the payment (amount to be reassessed upon completion of the expert real estate appraisal report to be carried out in probation, we shall resize and specify the value of the claims, corroborated with the appropriate adjustment of the stamp duty), representing the fair and equitable compensation for the damage suffered by restricting the possibility of exercising its right to property on the land area of 5,980 sqm located in the urban space of Slobozia Moară, Dâmbovița County, having the cadastral number 70618, registered with the land registry under 70618/UAT Slobozia Moară, Dâmbovița County, on which are found the underground gas pipelines and the overground devices of the respondent, land that cannot be used for the purpose of constructing a building;
2. Order the respondent Conpet SA to pay a 1,000 EUR monthly indemnity payable at the BNR exchange rate on the payment day, starting with the delivery of the Decision throughout the existence of the underground pipelines and overhead devices on the land owned by the respondent and to bear all the costs incurred by the claimant for the pre-authorization stages of the construction;
3. In alternative, it orders the respondent to erect all the constructions built on the claimant's property, namely the gas pipelines and the overhead devices, to bring the land to its original condition or to enable the claimant to perform the obligation to do so, at the exclusive expense of the respondent;
4. Order the defendant Conpet SA to pay the legal expenses incurred in the present legal proceedings.

Conpet has filed a counterclaim requesting that the plaintiffs be ordered to allow our company to exercise the right of legal easement established by the provisions of art. 7 et seq. of Law no. 238/2004 and the determination of the amount of the annual annuity provided for by law due by Conpet to the applicants in exchange for the exercise of the right of legal easement.

**Clarifications:** By Sentence no. 602/10.03.2022 the Dâmbovița Court rejects plea of lack of passive locus standi of the defendant applicant Conpet S.A. as regards the heads of claim for compensation and annuity, raised by it. It admits the claimant Conpet S.A.'s lack of passive procedural capacity as regards the head of claim concerning the obligation to raise the above-ground pipes and devices and to restore the land to its original condition or to empower the applicant to do so, invoked by it and consequently rejects that head of claim in contradiction with the defendant-claimant Conpet S.A. as being formulated against a person without passive

procedural capacity. It admits in part the summons. The court partially admits the counterclaim. It obliges the defendant claimant to demolish the construction without authorization (foundation) existing on the land belonging to him, with cadastral no. 70618, registered in the land book no. 70618 of Slobozia Territorial Administrative Unit Slobozia Moara, Dambovita county identified according to the sketch drawn up in the expertise report in the topography specialty dated 04.11.2019 (f 300, vol. I). It establishes the amount of the annual rent due by the claimant defendant to the defendant claimant for exercising the right of legal easement on the land with an area of 890 sq.m related to crude oil pipelines Ø143/4 and Ø 123/4, identified according to the sketch prepared in the expertise report dated 02.11.2019 (f. 357, vol. I), to the amount of 284.8 Ron and obliges the plaintiff defendant to pay to the defendant plaintiff from the date of the final stay of the present sentence. Dismisses the remainder of the summons and the counterclaim. It rejects the request to show the right holder formulated by the claimant defendant in contradiction with the Romanian State, through the Ministry of Public Finance and the National Agency for Mineral Resources. Orders the restitution to the plaintiff defendant of the stamp duty paid and not due in the amount of 1,143.4 Ron. It compensates the costs within the limit of 1,172.7 Ron and orders the plaintiff to pay to the defendant the uncompensated difference of 836 Ron in court costs. Buzatu Florin filed an appeal.

By **Decision no. 482/09.03.2023** Ploiesti Court of Appeal rejected the appeal, as unfounded. The decision was appealed by the plaintiff.

**Deadline:** --

## **10. Case File no. 1541/262/2023- Moreni Court – pending**

### **Stage of trial - merits**

**Parties:** CONPET SA – defendant - counterclaimant

Mapi Imobiliare S.R.L. - plaintiff-defendant

**Object:** To oblige Conpet to pay an annual annuity according to art. 7 of Law nr. 238/2004 and compensation, including for the past as of 20.01.2023.

Conpet formulated the counterclaim/re conventional petition requesting the court:

1. The obligation of the claimant Mapi Imobiliare S.R.L. to allow the company CONPET S.A. the exercise of the right of legal servitude/easement established by the provisions of Art. 7 and et seq. of Law no. 238/2004 on the land owned by her, located in the Ocnita commune, Ochiuri village, Dâmbovița county. The exercise of the right of legal easement is to be carried out in a passage of 2.4 meters wide located along the pipe buses to transport crude oil Ø 6 5/8" Ochiuri - Moreni for purposes of access to the pipe in order to verify the day-to-day management of the status of the pipe and the execution of any repair works. The exercise of the easement right is to be carried out throughout the existence of the pipeline located on the claimant's land, but not later than the date of the termination of the concession oil contract concluded by us, the undersigned company CONPET S.A., with the Romanian State.

2. The establishment of the amount of the annual rent provided by the law due to us, the undersigned company CONPET S.A., to the claimant Mapi Imobiliare S.R.L. in exchange for exercising the right of legal servitude/easement starting from the date of the definitive decision given in the present case, rent consisting in the value of the annual use of the plot of land affected by the exercise of servitude/easement.

At the same time, Conpet filed a warranty claim against the Romanian State, represented by the Ministry of Public Finance and the National Agency for Mineral Resources, requesting the court to be compensated by the defendants in guarantee, who will be jointly and severally

liable for any amounts we will be obliged to pay to the applicant Mapi Imobiliare S.R.L., in case the request for summons filed by it will be admitted in whole or in part.

**Deadline:** 02.04.2024

**c) *Litigations related to the structure of the share capital***

CONPET S.A. has pending before courts 1 litigation, respectively:

**Case File no. 5212/105/2018 – High Court of Cassation and Justice – pending**

**Trial stage: Appeal**

Fondul Proprietatea SA filed a petition for trial requesting the court to rule the following:

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

**Clarifications:** Conpet S.A. filed an impleader of the Romanian State through the Ministry of Finance and A.A.A.S.

By **Conclusion of 25.06.2019**, the Prahova Court rejected as unfounded the impleader of the Authority for the Administration of State Assets, formulated by the defendant Conpet S.A. Against this decision of the court, Conpet and the Romanian State through the Ministry of Public Finance filed an appeal. By the same Conclusion of 25.06.2019, the court admitted in principle the impleader of the Romanian State by the Ministry of Public Finance, formulated by the defendant Conpet S.A. and rejected as unfounded the plea of the lack of passive procedural quality of the Romanian State by the Ministry of Public Finance. The appeal was registered before the Court of Appeal Ploiești with no. 5212/105/2018/a2. By the decision no. 515/05.11.2019 Ploiești Court of Appeal admits the plea of the inadmissibility of the appeal declared by the Ministry of Public Finance. . The court rejects this appeal as inadmissible. The court rejects the exception of the lack of interest and the exception of the inadmissibility of the appeal declared by Conpet SA invoked by Fondul Proprietatea. Final judgement.

By **Conclusion of 20.09.2019**, the Prahova Tribunal suspended the trial of the case until the settlement of the appeals made against the decision pronounced on 25.06.2019. This conclusion remained final by non-recurrence.

By **Sentence no. 633/02.06.2021** Prahova Tribunal unfoundedly rejects the exception of the prescription of the right to action. It admits the action. It obliges the defendant CONPET to pay to the claimant the amounts of 734,747.04 RON representing the value of dividends, of 579,015.97 RON, representing dividends for the period 26.10.2007 - 09.11.2018, and the legal interest related to the net value of the dividends from 09.11.2018 and until the actual payment of the main debit. It admits in part the warranty claim. It obliges the impleaded Romanian State to pay to the defendant CONPET SA, the amount of 734,747.04 RON, representing the value of dividends and the legal interest related to this amount starting with 17.12.2018 and until the date of restitution to the defendant of the amount of 734,747.04 RON. The decision was appealed by Conpet S.A. and the Romanian State through the Ministry of Public Finance.

By **Decision no. 109/29.03.2023**, the Ploiești Court of Appeal admits the appeal. It changes the entire sentence. It accepts the exception of the extinguitive limitation of the right of action and dismisses the claim as a result of the extinguitive limitation period. Rejects the warranty claim. It obliges the claimant to pay the defendant 16,943 RON in legal expenses incurred at the trial in the first instance. Orders the respondent-applicant to pay to the appellant-defendant 17,785 Ron in costs of the appeal proceedings. Fondul Proprietatea S.A. filed an appeal.

By **Decision no. 814/01.07.2021** Prahova Tribunal admits the request for correction of the material error made by the claimant. It corrects the material error went unnoticed into paragraph 3 of the operative part of sentence no. 633/02.06.2021 pronounced by the Prahova Tribunal, in the sense that it is written: "It obliges the defendant CONPET S.A. to pay to the claimant the amounts of 734,747.04 RON representing the main debit, of 579,015.97 RON, representing dividends for the period 26.10.2007-09.11.2018, and the legal interest related to the net value of the dividends as of 09.11.2018 until the actual payment of the main debit." It admits the request for completion of the decision made by the claimant. It orders the completion of the civil sentence no. 633/02.06.2021 in the sense that it also provides: it reduces the fee of the claimant's lawyer to 70,000 RON. It obliges the defendant Conpet S.A. to pay the claimant the following legal expenses: 20,347.63 RON representing judicial stamp duty, 4,300 RON expert fee, 8,481.87 RON expert fee, 70 RON lawyer's fee and 1,125 RON other expenses. It obliges the summoned in guarantee the Romanian State to pay to the defendant Conpet S.A. legal expenses in the amount of 16,943 RON. The decision was appealed by Conpet S.A.

By **Decision no. 245/08.12.2022** Ploiești Court of Appeal upholds the plea of inadmissibility of the appeal raised of its own motion. Dismisses the appeal as inadmissible. Final judgement.

By **Decision no. 109/29.03.2023**, the Ploiești Court of Appeal admits the appeal. It changes the entire sentence. It accepts the exception of the extinguitive limitation of the right of action and dismisses the claim as a result of the extinguitive limitation period. Rejects the warranty claim. It obliges the claimant to pay the defendant 16,943 RON in legal expenses incurred at the trial in the first instance. Orders the respondent-applicant to pay to the appellant-defendant 17,785 Ron in costs of the appeal proceedings.

Fondul Proprietatea S.A. filed an appeal.

On 22.11.2023, the H.C.C.J. ordered the communication to the parties of the report on the admissibility in principle of the appeal, with the mention that the parties have the right to submit their point of view to the report within 10 days of service.

By the Conclusion dated 14.02.2024, the High Court of Cassation and Justice basically admits the appeal declared by the claimant- First court S.A. against the decision no. 109/ November 23<sup>rd</sup>, 2017 issued by the Timișoara Court of Appeal – Second Civil Section. It establishes a term for judging the appeal.

**Deadline:** 17.04.2024

***d) Litigations brought before the administrative court***

CONPET S.A. has 5 litigations pending before courts, respectively:

**1. Case File no. 5971/2/2022 – Bucuresti Court of Appeal – pending**

**Procedural status: First court on merits**

**Parties:** OMV Petrom SA - claimant

NAMR - defendant

CONPET S.A. – defendant

**Object:** The court is requested, by the judgment that will be pronounced, to order:

1. Having regard to Order No. 229/2021:

1.1. Cancellation in part of article 1 of Order 229/2021 regarding the tariffs set out in Annex 1 and Annex 3 and, accordingly, of Annexes 1 and 3 of Order 229/2021; and, as a consequence,

1.2. Ordering NAMR to issue a new order for the approval of the transport tariffs through the National Transport System of crude oil, rich gas, condensate and ethane for 2022, which would include tariffs modified accordingly in terms of domestic tariffs (Annex 1) and import tariffs for refineries in the Ploiești Basin (Annex 3), as a result of the recalculation of the tariffs included in Order No. 229/2021 in a transparent and non-discriminatory manner, in accordance with the constitutional provisions and those of primary and secondary petroleum and competition law, as set out in the present application for summons;

2. With regard to Order No. 53/2008, the annulment in part of art. 3-8 of the Annex to Order no. 53/2008, as well as the obligation of NAMR. issue a new order which should properly supplement Order no. 53/2008, by reference to the following:

2.1. the method of determining in the Methodology the operating cost lacking transparency and clarity, with regard to (i) its components, the structure of each of these elements, not specifically foreseen, together with (ii) the algorithm for calculating the operating cost by reference to these elements and (iii) by taking into account only those elements which constitute, by their nature, operating costs, so that these secondary normative provisions are aligned with the requirements of Art. 20 of the Petroleum Law;

2.2. the algorithm for determining the modernization rate which does not provide in a specific, clear and transparent manner (i) the actual percentage of the modernization rate, (ii) the basis on which it applies, (iii) the concrete investments for which the modernization quota will be paid by the beneficiaries of the transport system, (iv) how to manage the surplus amounts received as a modernization quota and not used by the end of the financial year, which have been collected for the realization of investments, by taking these amounts into account in the calculation of the modernization quota to be paid by the beneficiaries in the following year, by reference to the investments envisaged therein and such amounts available for investments carried over from previous years, as well as (v) the management of bank interests received by the holder of the concession agreement as a result of the deposit of amounts received as a modernization quota and not used by the latter, for the purpose of using interest rates for the same purpose and taking into account these amounts in the calculation of the modernization quota that beneficiaries have to pay in the following year with this title, so that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law;

2.3. the algorithm not resulting in a specific, clear and transparent manner (i) how to determine the level of the profit rate considered to be reasonable, or (ii) a profitability range whose lower and upper limits are established on the basis of comparative studies, by reference to the practice of other comparable European transport operators in this field, as well as (iii) specific requirements for transparent justification by CONPET of studies substantiating any increases in profitability considered in the setting of transport tariffs such that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law;

2.4. the pricing schemes that are not currently focused on similar criteria and calculations for the two subsystems regulated thereby (i.e. domestic and import) to meet the requirements of ensuring equal treatment among the beneficiaries of the public transport service for the two types of subsystems, so that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law;

2.5. the procedural elements ensuring in a clear, transparent and efficient manner the right of CONPET clients to express their point of view on the proposed tariffs advanced for approval by CONPET, on the basis of specific documentation made available thereto, respectively to the requests for revision/update of the tariffs transmitted by CONPET to NAMR and the related documentation, as well as to receive a reasoned response from the NAMR on the points of view formulated whether they are not taken into account in whole or in part by the NAMR, in such a way that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law and the transparency requirements applicable to the adoption of normative acts in compliance with the general European and national principle of good administration.

3. Order the respondent to pay the court costs.

Following the notification of the summons, but before the first hearing (17.01.2023), OMV Petrom amended the summons request regarding the first petition of the application, requesting the court to order:

1. Having regard to Order No. 229/2021:

Partial annulment of Art. 1 of Order 229/2021 regarding the tariffs established in Annex 1 and Annex 3 and, correspondingly, of Annexes 1 and 3 of Order 229/2021 regarding the tariffs for the COUNTRY subsystem and the IMPORT subsystem, within the limit of the amount of the tariffs that will be established as legal as a result of their recalculation in a transparent and non-discriminatory manner, in accordance with the constitutional provisions and those of the primary and secondary petroleum and competition legislation, as they are submitted through this summons.

2. Regarding Order no. 53/2008: partial cancellation of art. 3-8 of the Annex to Order no. 53/2008, as well as the obligation of N.A.M.R. upon issuing a new order to properly complete Order no. 53/2008, by reference to the following:

2.1. the method of determining in the Methodology the operating cost lacking transparency and clarity, with regard to (i) its components, the structure of each of these elements, not specifically foreseen, together with (ii) the algorithm for calculating the operating cost by reference to these elements and (iii) by taking into account only those elements which constitute, by their nature, operating costs, so that these secondary normative provisions are aligned with the requirements of Art. 20 of the Petroleum Law;

2.2. the algorithm for determining the modernization rate which does not provide in a specific, clear and transparent manner (i) the actual percentage of the modernization rate, (ii) the basis on which it applies, (iii) the concrete investments for which the modernization quota will be paid by the beneficiaries of the transport system, (iv) how to manage the surplus amounts received as a modernization quota and not used by the end of the financial year, which have been collected for the realization of investments, by taking these amounts into account in the calculation of the modernization quota to be paid by the beneficiaries in the following year, by reference to the investments envisaged therein and such amounts available for investments carried over from previous years, as well as (v) the management of bank interests received by the holder of the concession agreement as a result of the deposit of amounts received as a modernization quota and not used by the latter, for the purpose of using interest rates for the same purpose and taking into account these amounts in the calculation of the modernization quota that beneficiaries have to pay in the following year with this title, so that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law;

2.3. the algorithm not resulting in a specific, clear and transparent manner (i) how to determine the level of the profit rate considered to be reasonable, or (ii) a profitability range

whose lower and upper limits are established on the basis of comparative studies, by reference to the practice of other comparable European transport operators in this field, as well as (iii) specific requirements for transparent justification by CONPET of studies substantiating any increases in profitability considered in the setting of transport tariffs such that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law;

2.4. the pricing schemes that are not currently focused on similar criteria and calculations for the two subsystems regulated thereby (i.e. domestic and import) to meet the requirements of ensuring equal treatment among the beneficiaries of the public transport service for the two types of subsystems, so that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law;

2.5. the procedural elements ensuring in a clear, transparent and efficient manner the right of CONPET clients to express their point of view on the proposed tariffs advanced for approval by CONPET, on the basis of specific documentation made available thereto, respectively to the requests for revision/update of the tariffs transmitted by CONPET to NAMR and the related documentation, as well as to receive a reasoned response from the NAMR on the points of view formulated whether they are not taken into account in whole or in part by the NAMR, in such a way that these secondary normative provisions be aligned with the requirements of Article 20 of the Petroleum Law and the transparency requirements applicable to the adoption of normative acts in compliance with the general European and national principle of good administration.

3. Order the respondent to pay the court costs.

**Deadline:** 09.04.2024

## **2. Case File no. 7035/2/2022 – Bucuresti Court of Appeal – pending**

**Procedural status: Merits - suspended.**

**Parties:** OMV Petrom SA - claimant

NAMR - defendant

CONPET S.A. – defendant

**Object:** The court is requested, by the judgment that will be pronounced, to order:

1. Partial annulment of the art. 3 of Additional Act no. 2 regarding the tariffs on the COUNTRY subsystem and the IMPORT subsystem charged for the transport services provided by Conpet and established by the Order no. 229/2021, within the limit of the amount of tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding the tariffs with N.A.M.R.;

2. Partial annulment of the art. 1 and 4 of Additional Act no. 2, 6 and 9, respectively of art. 1 and 3 of Additional Acts 3, 4, 5, 7 and 8 by which the duration of the Transport Contract was extended for the period 01.01.2022 - 31.08.2022 with the application of the new tariffs approved by the Order 229/2021, within the limit of the amount of the tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding the tariffs with N.A.M.R. and, as a consequence,

3. The obligation of CONPET to pay to the Company, as compensation as a result of the partial cancellation of the Additional Acts, but also its illegal act of providing erroneous data that was the basis of the tariff development process by N.A.M.R. based on the Order no. 229/2021 and then upon their payment by the Company based on the Additional Acts, of the amounts representing:

(i) the difference between the amount of the tariffs provided for in the Additional Act no. 2 to the transport contract, concluded as a result of the new tariffs adopted by the Order

229/2021, paid by the Company in the period 01.01.2022 – 31.08.2022 as a result of the extension of the contractual period through the Additional Acts and the amount of the tariffs that will be established as legal in the result of the administrative litigation proceedings carried out by the Company regarding them with N.A.M.R., updated according to the inflation index, as well as the related legal interest calculated from the date of payment of the tariff difference;

(ii) the difference between the amount of tariffs paid by the Company for the transport of crude oil, through the domestic subsystem, from the Midia Terminal, and the amount of the tariffs set proportionally, by reference to the domestic and import tariffs depending on the subsystem actually used for the transport of marine crude oil, updated in depending on the inflation index, as well as the related legal interest calculated from the date of payment of the tariff difference, for the following quantities transported from the Midia Terminal and for which the tariff for the domestic subsystem was illegally calculated and paid:

- 13,905 tons from Art. 2 letter a) from Addendum no. 4 for March 2022;
- 13,171 tons from Art. 2 letter a) from Addendum no. 5 for April 2022;
- 13,307 tons from Art. 2 letter a) from Addendum no. 6 for May 2022;
- 12,633 tons from Art. 2 letter a) from Addendum no. 7 for June 2022;
- 12,072 tons from Art. 2 letter a) from Addendum no. 8 for July 2022;
- 12,900 tons from Art. 2 letter a) from Addendum no. 9 for August 2022;

(iii) any other amounts representing civil fruits that Conpet acquired or could have acquired in connection with the amounts illegally charged from the Company based on the tariffs;

#### 4. Obligation to pay legal expenses.

The claimant OMV PETROM filed a request to change the heads of request no. 2 and 3 of the petition of the introductory action in the sense that, in addition to Addenda no. 2 – 9, the Company understands to challenge through this action the last 4 additional documents on the basis of which transport services were provided by Conpet between September and December 2022 for the benefit of the company, as follows:

- Addendum no. 10/23.08.2023;
- Addendum no. 11/22.09.2022;
- Addendum no. 12/31.10.2022;
- Addendum no. 13/22.11.2022.

Therefore, considering the request to modify the preliminary action, the claimant OMV Petrom requests the court to order, through the judgment that will be ruled:

1. Partial annulment of Art. 3 of Addendum no. 2 regarding the tariffs on the domestic subsystem and the import subsystem charged for the transport services provided by Conpet and established by Order no. 229/2021, within the limit of the amount of tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding the tariffs with N.A.M.R.;

2. Partial annulment of Art. 1 and 4 of Addendum no. 2, 6, 9 and 12 respectively of Art. 1 and 3 of Additional Acts 3, 4, 5, 7, 8, 10, 11 and 13 by which the duration of the Transport contract was extended for the period 01.01.2022 - 31.12.2022 with the application of the new tariffs approved by Order no. 229/2021, within the limit of the amount of the tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding the tariffs with N.A.M.R. and consequently;

3. The obligation of CONPET to pay the Company, in the form of compensation as a result of the partial cancellation of Addenda no. 2 -13, but also of her illegal act of providing erroneous data that was the basis of the tariff development process by N.A.M.R. based on

the Order no. 229/2021 and then upon their payment by the Company based on the Addenda, of the amounts representing:

(i) the difference between the amount of the tariffs provided for in Addendum no. 2 to the transport contract, concluded as a result of the new tariffs adopted by Order no. 229/2021, paid by the Company in the period 01.01.2022 - 31.12.2022 as a result of the extension of the contractual period through the Additional Acts and the amount of the tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding them with the N.A.M.R., updated according to the inflation index, as well as the related legal interest calculated from the date of payment of the tariff difference;

(ii) the difference between the amount of the tariffs paid by the Company for the transport of crude oil, through the domestic subsystem, from the Midia Terminal, and the amount of the tariffs established proportionally, by reference to the tariffs of domestic and import according to the subsystem actually used for the transport of marine crude oil, updated in depending on the inflation index, as well as the related legal interest calculated from the date of payment of the tariff difference, for the following quantities transported from the Midia Terminal and for which the tariff for the COUNTRY subsystem was illegally calculated and paid:

- 13,905 tons from Art. 2 letter a) from Addendum no. 4 for March 2022;
- 13,171 tons from Art. 2 letter a) from Addendum no. 5 for April 2022;
- 13,307 tons from Art. 2 letter a) from Addendum no. 6 for May 2022;
- 12,633 tons from Art. 2 letter a) from Addendum no. 7 for June 2022;
- 12,072 tons from Art. 2 letter a) from Addendum no. 8 for July 2022;
- 12,900 tons from Art. 2 letter a) from Addendum no. 9 for August 2022;
- 12,213 tons from Art. 2 letter a) from Addendum no. 10 for September 2022;
- 12,411 tons from Art. 2 letter a) from Addendum no. 11 for October 2022;
- 11,836 tons from Art. 2 letter a) from Addendum no. 12 for November 2022;
- 12,048 tons from Art. 2 letter a) from Addendum no. 13 for December 2022.

(iii) any other amounts representing natural fruits that Conpet acquired or could have acquired in connection with the amounts illegally charged from the Company based on the tariffs;

#### 4. Obligation to pay legal expenses.

**Clarifications:** By Conclusion dated 24.05.2023, the Court of Appeal of Bucharest rejects the application for revocation of the claimant from submitting the request to amend the heads of claims 2 and 3 of the request for summons as ungrounded. Based on Art. 413 Para. 1 Item 1 of the Code of Civil Procedure, it orders the suspension of the trial of the case until the final resolution of the case that is the subject of file no. 5971/2/2022 of the Bucharest Court of Appeal, Section IX of Administrative and Fiscal Litigation. With the right of appeal for the duration of the suspension.

**Deadline:** --

### 3. Case File no. 4988/2/2023 – Bucuresti Court of Appeal – pending

**Procedural status:** Merits - suspended

**Parties:** OMV Petrom SA - claimant

NAMR - defendant

CONPET S.A. – defendant

**Object:** The court is requested, by the judgment that will be pronounced, to order:

1. 1. The partial annulment of art. 1 and art. 3 of the Addenda no. 10, no. 11 and no. 13, respectively of art. 1 and 4 of the Addendum no. 12, by which the duration of the transport contract was extended for the period 01.09.2022 - 31.12.2022 with the application of the new

tariffs approved by the Order 229/2021, within the limit of the amount of the tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding tariffs with N.A.M.R. and, as a consequence,

2. The obligation of CONPET to pay the Company, in the form of compensation as a result of the partial cancellation of Addenda no. 10 -13, but also of her illegal act of providing erroneous data that was the basis of the tariff development process by N.A.M.R. based on the Order no. 229/2021 and then upon their payment by the Company based on the Addenda, of the amounts representing:

(i) the difference between the amount of the tariffs provided for in Addendum no. 2 to the transport contract, concluded as a result of the new tariffs adopted by Order no. 229/2021, paid by the Company in the period 01.09.2022 - 31.12.2022 as a result of the extension of the contractual period through the Addenda and the amount of the tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding them with the N.A.M.R., updated according to the inflation index, as well as the related legal interest calculated from the date of payment of the tariff difference;

(ii) the difference between the amount of the tariffs paid by the Company for the transport of crude oil, through the domestic subsystem, from the Midia Terminal, and the amount of the tariffs established proportionally, by reference to the tariffs of domestic and import according to the subsystem actually used for the transport of marine crude oil, updated in depending on the inflation index, as well as the related legal interest calculated from the date of payment of the tariff difference, for the following quantities transported from the Midia Terminal and for which the tariff for the COUNTRY subsystem was illegally calculated and paid:

-12,213 tons from Art. 2 letter a) from Addendum no.10 for September 2022;

-12,411 tons from Art. 2 letter a) from Addendum no.11 for October 2022;

-11,836 tons from Art. 2 letter a) from Addendum no.12 for November 2022;

-12,048 tons from Art. 2 letter a) from Addendum no.13 for December 2022.

iii. any other amounts representing natural fruits that Conpet acquired or could have acquired in connection with the amounts illegally charged from the Company based on the tariffs;

3. To rule the obligation of the defendant to pay the court costs.

**Clarifications:** At the deadline of 15.11.2023, the Bucharest Court of Appeal orders the suspension of the trial of the present case until the final settlement of the case that is the subject of file no. 7035/2/2022 of the Bucharest Court of Appeal. With the right of appeal for the duration of the suspension.

**Deadline:** --

#### **4. Case File no. 5559/2/2023 – Bucuresti Court of Appeal – pending**

**Procedural status:** First court on merits

**Parties:** OMV Petrom SA - claimant

NAMR - defendant

CONPET S.A. - defendant

**Object:** The court is requested, by the judgment that will be pronounced, to order:

1. Partial annulment of Art. 1 of Order 364/2022 regarding the tariffs established in Annex 1 and Annex 3 and, correspondingly, of Annexes 1 and 3 of Order 364/2022 regarding the tariffs for the COUNTRY subsystem and the IMPORT subsystem, within the limit of the amount of the tariffs that will be established as legal as a result of their recalculation in a transparent and non-discriminatory manner, in accordance with the constitutional provisions and those of the primary and secondary petroleum and competition legislation, as they are submitted through this summons.

2. To rule the obligation of the defendant to pay the court costs.

**Deadline:** 18.04.2024

**5. Case File no. 8213/2/2023 – Bucuresti Court of Appeal – pending**

**Procedural status:** First court on merits

**Parties:** CONPET S.A. – defendant

NAMR - defendant

OMV Petrom SA - claimant

**Object:** The court is requested, by the judgment that will be pronounced, to order:

1. The partial annulment of Art. 1 and Art. 3 of Addendum no. 14, of Art. 1 and 4 of the Addenda no. 15, no. 16, no. 17, respectively of Art. 1 and 5 of the Addendum no. 18 by which the duration of the Transport Contract was successively extended for the period 01.01.2023 - 31.12.2023, with the application of the new tariffs mentioned in the Notification no. 811/06, 01.2023 sent by Conpet regarding the change in transport tariffs through the National System for the Transport of Crude Oil, Rich Gas, Condensate and Ethane ("SNT") starting from January 1<sup>st</sup>, 2023, based on the Order 364/2022 (Annex 4), within the limit of the amount of the tariffs that will be established as legal as a result of the administration of evidence from this case;

2. The partial annulment of Art. 2 of the Addenda no. 14-18 in the sense of:

i. the elimination of the quantities of 5-417 tons mentioned in the content of Art. 2 letter a) from the Addendum no. 14 for the period January 1<sup>st</sup>-15<sup>th</sup>, 2023 that were transported from the Midia Terminal from the quantities transported through the domestic subsystem and the inclusion of the first quantities in those in point b) of the same article regarding the quantities transported through the import subsystem;

ii. the elimination of the quantities of 15,061 tons mentioned in the content of Art. 2 letter a) from the Addendum no. 15 for the period January 16<sup>th</sup> - February 28<sup>th</sup>, 2023 that were transported from the Midia Terminal from the quantities transported through the domestic subsystem and the inclusion of the first quantities in those in point b) of the same article regarding the quantities transported through the import subsystem;

iii. the elimination of the quantities of 40,859 tons mentioned in the content of Art. 2 letter a) from the Addendum no.16 for the period March 1<sup>st</sup>- June 30<sup>th</sup>, 2023 that were transported from the Midia Terminal from the quantities transported through the domestic subsystem and the inclusion of the first quantities in those in point b) of the same article regarding the quantities transported through the import subsystem;

iv. the elimination of the quantities of 28,811 tons mentioned in the content of Art. 2 letter a) from the Addendum no. 17 for the period July 1<sup>st</sup>- September 30<sup>th</sup>, 2023 that were transported from the Midia Terminal from the quantities transported through the domestic subsystem and inclusion of the first quantities in those in point b) of the same article regarding the quantities transported through the import subsystem;

v. the elimination of the quantities of 28,898 tons mentioned in the contents of Art. 2 letter a) from the Addendum no.18 for the period October 1<sup>st</sup> - December 31<sup>st</sup>, 2023 that were transported from the Midia Terminal from the quantities transported through the domestic subsystem and inclusion of the first quantities in those in point b) of the same article regarding the quantities transported through the import subsystem;

3. The obligation of CONPET to pay to the Company, as compensation as a result of the partial cancellation of the Additional Acts, but also its illegal act of providing erroneous data that was the basis of the tariff development process by N.A.M.R. based on the Order no.

364/2022 and then upon their payment by the Company based on the Additional Acts, of the amounts representing:

(i) the difference between the amount of the tariffs provided for in Addendum no. 14 - 18 to the transport contract, concluded as a result of the new tariffs adopted by Order no. 364/2022, paid by the Company in the period 01.01.2023 - 31.12.2023 and the amount of tariffs that will be established as legal following the administrative litigation proceedings carried out by the Company regarding them with N.A.M.R., updated according to the inflation index, as and the related legal interest calculated from the date of payment of the tariff difference;

(ii) the difference between the amount of tariffs paid by the Company for the transport of crude oil, through the domestic subsystem, from the Midia Terminal, and the amount of the tariffs set proportionally, by reference to the domestic and import tariffs according to the subsystem actually used for the transport of marine crude oil, updated according to the index of inflation, as well as the related legal interest calculated from the date of payment of the tariff difference, for the following quantities transported from the Midia Terminal and for which the tariff for the domestic subsystem was illegally calculated and paid:

- 5417 tons from Art. 2 letter a) from Addendum no.13 for January 01 - 15, 2023;
- 15,061 tons from Art. 2 letter a) from Addendum no.15 for January16<sup>th</sup> - February 28<sup>th</sup>, 2023;
- 40,859 tons from Art. 2 letter a) from Addendum no.16 for March 01<sup>st</sup> - June 30<sup>th</sup>, 2023;
- 28,811 tons from Art. 2 letter a) from Addendum no.13 for July 01<sup>st</sup> - September 30<sup>th</sup>, 2023;
- 28,898 tons from Art. 2 letter a) from Addendum no.18 for October 1<sup>st</sup> - December 31<sup>st</sup>, 2023;

iii. any other amounts representing natural fruits that Conpet acquired or could have acquired in connection with the amounts illegally charged from the Company based on the tariffs;

4. To rule the obligation of the defendant to pay the court costs.

**Deadline:** --

### **Other aspects on the company's tangible assets**

#### **State of the lands not included in the share capital**

Currently, all the lands owned by CONPET S.A. are registered in the Integrated Cadastre System and the Land Registry.

On 31.12.2023 Conpet has registered in the patrimony of the company lands in surface of 733,677 sq.m with a fair amount of 29,999,240 Ron, held based on Land Ownership Certificates and sale-purchase contracts.

The company augmented its share capital only by a part of the land held under land ownership certificates (Ro. CADP), not being included in the share capital lands in surface of 554,537.61 sq.m (554,181 sq.m according to the latest land register update documents), which are contained in 48 CADP. The Ownership certificates for these lands have been issued between 2001-2005 and the value evaluated at the time of issuing the certificates, established according to GD no. 834/1991 is of 26,708,233 RON. These lands have been recorded in the company's patrimony at the expense of equity. The fair value of these lands on 31.12.2023, according to the report prepared by an A.N.E.V.A.R. authorized appraiser, is 16,293,210 RON. The Board of Directors has undertaken all steps in view of augmentation of the share capital by the value of land held based on the land ownership certificates.

Thus, based on the land appraisal reports, in compliance with the provisions of Art. 6 Para (3) of GD no.834/1991 subsequent amendments and completions, drafted by expert appraisers, the Board of Directors has summoned the Extraordinary General Meeting of Shareholders, on 19.05.2016, in first call, namely 20.05.2016, in second call. At both EGMS meetings the quorum has not been met.

Although there have been convened two general meetings of shareholders, the Board of Directors has summoned a new EGMS for 05.07.2016, with the same Agenda. Following the cast vote by the shareholders present and represented, the proposal to augment the share capital has not been approved, due to the lack of necessary quorum for approval votes.

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

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

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

On 24.09.2020, the EGMS issued Resolution no. 1, by which it approved the initiation of the operation to augment the share capital by the value of the lands held based on the 48 ownership certificates and the initiation of formalities to the N.R.C. with a view to appoint an authorized assessor for the valuation of the lands.

In order to comply with the EGMS Resolution, between September and December 2020, three requests were made to the Prahova Trade Register Office for the appointment of an assessor to draw up the land appraisal report in accordance with Art. 6, Para. 3 of GD no. 834/1991.

In March 2021, by Resolution no. 1 dated 10.03.2021 and Resolution no. 2 dated 11.03.2021, the EGMS did not approve the augmentation of the share capital by the value of the lands not included, as during the two meetings the attendance quorum provided by law (85%) was not met.

On 28.04.2022, the EGMS issued Resolution no.1, by which it approved the initiation of the operation to augment the share capital by the value of the lands held based on the 48 ownership certificates and the initiation of formalities to the O.R.C. Prahova in order to appoint an authorized evaluator for land valuation.

In May 2022, two requests were made to the O.R.C. Prahova for the appointment of an assessor to draw up the land evaluation report in accordance with Art. 6, Para. 3 of GD no. 834/1991.

Based on the evaluation report, prepared by the evaluator appointed by O.R.C. Prahova, Nitu Cornel, ANEVAR member with card no. 14579, by Resolution nr. 2 dated 20.09.2022 and Resolution no. 3 dated 21.09.2022, the EGMS of Conpet did not approve the augmentation of the share capital by the value of the unincluded land plots, as, at the two meetings, the quorum of attendance provided for by the law was not met (85%).

To date, the share capital has not been increased by the value of the not included land plots.

In 2023, has been adopted GEO no. 26/20 April 2023 for amending and supplementing Art. 12 of Law nr. 137/2002 on some measures to accelerate privatization, which brought a new provision regarding the value by which the share capital is increased with the lands for which CADP was obtained in the sense that "the increase of the share capital provided for in para. (4<sup>1</sup>) with the contribution in kind of the state or of an administrative-territorial unit, as the case may be, representing the lands for which certificates attesting the ownership right have been obtained, shall be made at the fair value (subl.ns) determined no later than 90 days before the date of convening the extraordinary general meeting of shareholders for the approval of the share capital increase."

However, for the maintenance in force of the provisions of Article 6 Para. 3 of GD no. 834/1991, the issue of the value by which the share capital is augmented requires clarifications, which leads to delays in convening again the General Meeting of Shareholders in order to increase the share capital.

In order to clarify this issue, we addressed the Ministry of Energy, the guardianship authority, in order to indicate the criterion for determining the value of land, respectively the one regulated by Art. 6 of GD no. 834/1991 (by updating with the inflation index) or the one regulated by Art.12 of Law no. 137/2002 (by fair value measurement), as amended by GD no. 26/2023.

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

Currently, all the lands owned by CONPET S.A. are registered in the Integrated Cadastre System and the Land Registry.

Out of the total of 190 tabulable constructions, 178 were tabulated, the untabulated buildings are in the following situation:

- 10 buildings are under analysis to solve the issues in view of tabulation;
- for 2 buildings, steps have not yet been taken for tabulation, because one building is in litigation before the court, and the other cannot be tabulated because Conpet does not hold a lease/concession agreement for the land related to the construction, the land being in the private property of the City Hall of Ploiesti.

### **4.3 Analysis of the Financial Activity**

The financial information presented in this report is taken from financial statements for the

period ended December 31<sup>st</sup>, 2023, prepared in accordance with Order of the Minister of Public Finances no. 2844/2016, audited.

#### 4.3.1 Statement of the Financial Standing

Indicators (thousand RON)	2023	2022	2021	Variation%				
				2023/2022	2022/2021			
<b>ASSETS</b>								
<b>Intangible assets</b>								
Tangible assets	670,831	607,025	512,823	▲ 10.5%	▲ 18.4%			
Intangible assets	5,559	6,855	6,942	▼ 18.9%	▼ 1.3%			
Financial Assets	2,523	2,537	411	▼ 0.6%	▲ 517.3%			
Deferred corporate tax receivables	-	6,153	4,637	-	▲ 32.7%			
<b>Total non-current assets</b>	<b>678,913</b>	<b>622,570</b>	<b>524,813</b>	<b>▲ 9.1%</b>	<b>▲ 18.6%</b>			
<b>Current assets</b>								
Inventories	6,520	6,867	5,312	▼ 5.1%	▲ 29.3%			
Trade receivables and other receivables	52,981	49,187	48,922	▲ 7.7%	▲ 0.5%			
Cash and cash equivalents	107,742	127,673	191,751	▼ 15.6%	▼ 33.4%			
Prepaid expenses	698	1,252	624	▼ 44.3%	▲ 100.6%			
<b>Total current assets</b>	<b>167,941</b>	<b>184,979</b>	<b>246,609</b>	<b>▼ 9.2%</b>	<b>▼ 25.0%</b>			
<b>TOTAL ASSETS</b>	<b>846,854</b>	<b>807,549</b>	<b>771,422</b>	<b>▲4.9%</b>	<b>▲4.7%</b>			
<b>EQUITY AND LIABILITIES</b>								
<b>Equities</b>								
Subscribed and paid-up share capital	28,570	28,570	28,570	-	-			
Legal reserves	5,714	5,714	5,714	-	-			
Revaluation reserves	49,838	17,101	18,360	▲ 191.4%	▼ 6.9%			
Other reserves	547,585	533,898	517,047	▲ 2.6%	▲ 3.3%			
Retained Earnings	36,971	37,149	46,289	▼ 0.5%	▼ 19.8%			
Result of the year	61,617	61,664	51,929	▼ 0.1%	▲ 18.8%			
<b>Total equity</b>	<b>730,295</b>	<b>684,096</b>	<b>667,909</b>	<b>▲ 6.8%</b>	<b>▲ 2.4%</b>			
<b>Long-term liabilities</b>								
Long-term trade liabilities	-	-	1,288	-	-			
Liabilities to employees	25,765	23,069	16,629	▲ 11.7%	▲ 38.7%			
Other long-term liabilities	2,793	2,749	3,458	▲ 1.6%	▼ 20.5%			
Deferred tax liabilities	901	-	-	-	-			
<b>Total long-term liabilities</b>	<b>29,459</b>	<b>25,818</b>	<b>21,375</b>	<b>▲ 14.1%</b>	<b>▲ 20.8%</b>			
<b>Current liabilities</b>								
Trade liabilities	33,092	43,915	32,148	▼ 24.6%	▲ 36.6%			
Current Corporate Tax	1,808	1,997	2,049	▼ 9.5%	▼ 2.5%			
Other liabilities	28,764	27,569	27,106	▲ 4.3%	▲ 1.7%			
Debts to employees	14,143	14,364	12,066	▼ 1.5%	▲ 19.0%			
Short-term provisions	9,293	9,790	8,769	▼ 5.1%	▲ 11.6%			
<b>Total current liabilities</b>	<b>87,100</b>	<b>97,635</b>	<b>82,138</b>	<b>▼10.8%</b>	<b>▲ 18.9%</b>			
<b>Total liabilities</b>	<b>116,559</b>	<b>123,453</b>	<b>103,513</b>	<b>▼5.6%</b>	<b>▲ 19.3%</b>			
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>846,854</b>	<b>807,549</b>	<b>771,422</b>	<b>▲4.9%</b>	<b>▲4.7%</b>			

Table 15-Company's Statement of the financial standing during 2021-2023

**The total assets** of the company register 4.9% increase (39,305 thousand RON) compared to December 31<sup>st</sup>, 2022, mainly due to the increase in fixed assets.

**The fixed assets** registered an increase of 9.1% compared to December 31<sup>st</sup>, 2022, generated by inputs of fixed assets representing mainly investments in the N.T.S. whose value is higher than the value of depreciations (amortization) recorded in 2023, on the one hand, and on the other hand by increases resulting from the assessment of assets representing lands, buildings and special constructions, belonging to the company's patrimony (approximately 45,871 kRON).

**The current assets** decreased by 9.2% (17,038 thousand RON), from 184,979 thousand RON on 31.12.2022 to 167,941 thousand RON on 31.12.2023, due to the decrease in cash. In their structure, the evolution of the main elements is different, receivables registering an increase of 7.7% (3,794 thousand RON), while cash availabilities decrease by 15.6% (19,931 thousand RON) from 127,673 thousand RON to 107,742 thousand RON. The cash from the modernization quota existing in bank accounts on 31.12.2023 was 32,041 thousand RON, 16,543 thousand RON less than on 31.12.2022 (48,584 thousand RON). The cash representing the modernization quota has a special use regime, provided by GD no. 168/1998, which is intended exclusively to finance the modernization and development of public domain assets.

**The equities** registered an increase of 6.8% (46,199 thousand RON) compared to December 31<sup>st</sup>, 2022, reaching 730,295 thousand RON, mainly driven by the increase in reserves from the modernization quota and reserves from the revaluation of fixed assets.

**Total liabilities** decreased by 6,894 thousand RON as of December 31<sup>st</sup>, 2023, compared to December 31<sup>st</sup>, 2022, due to a decrease in current liabilities.

**Long-term liabilities** register an increase of 3,641 thousand RON, compared to December 31<sup>st</sup>, 2022, as a result of the increase in debts to employees.

**The current liabilities**, in amount of 87,100 thousand RON, are decreasing by 10,535 thousand RON as compared to December 31<sup>st</sup>, 2022, mainly due to the decrease in liabilities to suppliers of fixed assets.

### **Trade liabilities and other liabilities**

On December 31<sup>st</sup>, 2023 and December 31<sup>st</sup>, 2022, trade liabilities and other liabilities shall be disclosed as follows:

Liabilities	December 31 <sup>st</sup> , 2022	December 31 <sup>st</sup> , 2023	Maturity deadline for the balance on December 31 <sup>st</sup> , 2023		
			Under 1 year	1-5 years	Over 5 years
Trade liabilities	43,915	33,092	33,092	-	-
Liabilities to the employees	37,433	39,908	14,143	2,879	22,886

Current profit tax	1,997	1,808	1,808	-	-
Other liabilities	30,318	31,557	28,764	2,008	785
Deferred tax liability	-	901	-	901	-
Short-term provisions	9,790	9,293	9,293	-	-
<b>Total</b>	<b>123,453</b>	<b>116,559</b>	<b>87,100</b>	<b>5,788</b>	<b>23,671</b>

Table 16 - Status of the trade liabilities and other liabilities on December 31<sup>st</sup>, 2023 (kRON)

On 31.03.2023, the company Conpet S.A. did not register outstanding payments.

The trade liabilities related to the purchases of goods and services intended for operating activities have a weight of 62.3% in total commercial debts, and those representing purchases of fixed assets have a weight of 37.7%

The debts to employees, in balance on 31.12.2023, also include the future debts for the benefits granted to employees upon retirement or death, for the employees share of profit, for the untaken leaves of the employees, debts that are recognized as provisions.

*The statement of payroll contributions and other fiscal debt by maturity dates, shall be as follows:*

Debts	Maturity deadline for the balance on December 31 <sup>st</sup> , 2023				
	December 31 <sup>st</sup> , 2022	December 31 <sup>st</sup> , 2023	Under 1 year	1-5 years	Over 5 years
Salaries contributions	6,373	6,222	6,222	-	-
Royalty due to the State	9,371	10,271	10,271	-	-
Budget					
Payable VAT	2,688	4,111	4,111	-	-
Other interests and debts -	1,202	1,221	1,221	-	-
Budget					
Payable Dividends	5,234	5,444	5,444	-	-
Leasing related liabilities	4,458	3,347	1,179	1,669	499
Accrued revenues	833	696	82	328	286
Other liabilities	159	245	234	11	-
<b>Total</b>	<b>30,318</b>	<b>31,557</b>	<b>28,764</b>	<b>2,008</b>	<b>785</b>

Table 17 - Status of payroll contributions and other fiscal liabilities on December 31<sup>st</sup>, 2023 (kRON)

On 31.12.2023, lease liabilities comprise recognized rights of use for leases and concessions of land, buildings and wagons.

The liabilities related to the rights of use recognized for the lease and concession contracts of some lands, buildings and wagons have been assessed at the value of rent fees/royalties along the remaining contractual period, updated with the credit rate for real estate loans.

*The statement of debts to employees by maturity reveals the following:*

Debts	December 31 <sup>st</sup> ,		Maturity deadline for the balance on December 31 <sup>st</sup> , 2023
	2022	2023	

		<b>Under 1 year</b>	<b>Over 1 year</b>	<b>Over 5 years</b>
Salaries and assimilated debts	6,976	7,140	7,140	-
Liabilities for benefits granted on retirement	19,779	22,090	476	2,729
Liabilities for the benefits granted in case of death	3,891	4,156	5	150
Liabilities for the employees share of profit	6,387	6,003	6,003	-
Liabilities for untaken leaves	360	519	519	-
Debts for other benefits granted to the employees	40	-	-	-
<b>Total</b>	<b>37,433</b>	<b>39,908</b>	<b>14,143</b>	<b>2,879</b>
				<b>22,886</b>

Table 18 - Statement of the liabilities to the employees on December 31<sup>st</sup>, 2023 (kRON)

On December 31<sup>st</sup>, 2023, the Company mainly comprises at this chapter the salaries and assimilated debts, as well as future debts for benefits granted upon retirement or death and for the employees share of profit, recognized as provisions.

#### 4.3.2. The global result statement

The evolution of the main financial indicators of the profit and loss account and of other global result elements, during 2021-2023, is presented below:

Indicator (thousand RON)	2023	2022	2021	Variation%	
				2023/2022	2022/2021
Revenues from contracts	485,114	472,233	412,787	▲ 2.7%	▲ 14.4%
Earnings from disposal of assets	612	5,402	4,915	▼ 88.7%	▲ 9.9%
Other revenues	55,208	44,425	40,684	▲ 24.3%	▲ 9.2%
<b>Total Operating Revenues</b>	<b>540,934</b>	<b>522,060</b>	<b>458,386</b>	<b>▲ 3.6%</b>	<b>▲ 13.9%</b>
Inventories Expenses	6,543	6,934	5,448	▼ 5.6%	▲ 27.3%
Expenses with energy and water	18,597	33,739	16,553	▼ 44.9 %	▲ 103.8%
Personnel expenses	194,395	180,923	168,219	▲ 7.5%	▲ 7.6%
Value adjustments of fixed assets, less adjustments related to rights of use resulted from lease contracts	61,485	53,075	51,939	▲ 15.9%	▲ 2.2%
Value adjustments on rights of use resulted from leasing contracts	2,051	1,987	1,673	▲ 3.2%	▲ 18.8%
Value adjustments on current assets	(239)	(767)	278	-	-
Expenses related to external services	126,936	114,242	109,776	▲ 11.1%	▲ 4.1%
Provisions-related adjustments	2,446	6,753	(4,144)	▼ 63.8%	-
Other expenses	62,357	62,405	50,907	▼ 0.1 %	▲ 22.6%
<b>Total Operating Expenses</b>	<b>474,571</b>	<b>459,291</b>	<b>400,649</b>	<b>▲ 3.3%</b>	<b>▲ 14.6%</b>
<b>Operating Profit</b>	<b>66,363</b>	<b>62,769</b>	<b>57,737</b>	<b>▲ 5.7%</b>	<b>▲ 8.7%</b>
<b>Financial Revenues</b>	<b>6,690</b>	<b>9,839</b>	<b>3,428</b>	<b>▼ 32.0%</b>	<b>▲ 187.1%</b>
Interest expenses related to leasing contracts	175	236	202	▼ 25.9%	▲ 16.8%
Other financial expenses	84	233	128	▼ 64.0%	▲ 82.0%
<b>Financial Expenses</b>	<b>259</b>	<b>469</b>	<b>330</b>	<b>▼ 44.8%</b>	<b>▲ 42.1%</b>

Indicator (thousand RON)	2023	2022	2021	Variation%	
				2023/2022	2022/2021
<b>Financial profit</b>	<b>6,431</b>	<b>9,370</b>	<b>3,098</b>	▼ 31.4%	▲ 202.5%
<b>Profit before income tax</b>	<b>72,794</b>	<b>72,139</b>	<b>60,835</b>	▲ 0.9%	▲ 18.6%
Expenses with current income tax	10,587	11,686	9,155	▼ 9.4%	▲ 27.6%
Expenses with (revenues coming from) deferred corporate tax	590	(1,211)	(249)	-	-
<b>PROFIT OF THE PERIOD</b>	<b>61,617</b>	<b>61,664</b>	<b>51,929</b>	▼ 0.1%	▲ 18.8%
Actuarial earnings (loss) benefits granted upon retirement and death	531	(1,599)	3,383	-	-
Surplus from revaluation of the tangible assets	35,055	-	-	-	-
<b>Total other global result elements that will not be subsequently reclassified as profit or loss</b>	<b>35,586</b>	<b>(1,599)</b>	<b>3,383</b>	-	-
Net increase of the modernization quota reserve	6,870	17,409	9,811	▼ 60.5%	▲ 77.4%
<b>Total other global result elements that will be subsequently reclassified as profit or loss</b>	<b>6,870</b>	<b>17,409</b>	<b>9,811</b>	▼ 60.5%	▲ 77.4%
<b>TOTAL OTHER ELEMENTS OF THE GLOBAL RESULT</b>	<b>42,456</b>	<b>15,810</b>	<b>13,194</b>	▲ 168.5%	▲ 19.8%
<b>TOTAL GLOBAL RESULT</b>	<b>104,073</b>	<b>77,474</b>	<b>65,123</b>	▲ 34.3%	▲ 19.0%
<b>Result per share</b>	<b>7.12</b>	<b>7.12</b>	<b>6.00</b>	-	▲ 18.7%

Table 19 - Statement of the global result during 2021 - 2023

The synthesis of the financial results, in evolution 2021-2023, is as follows:

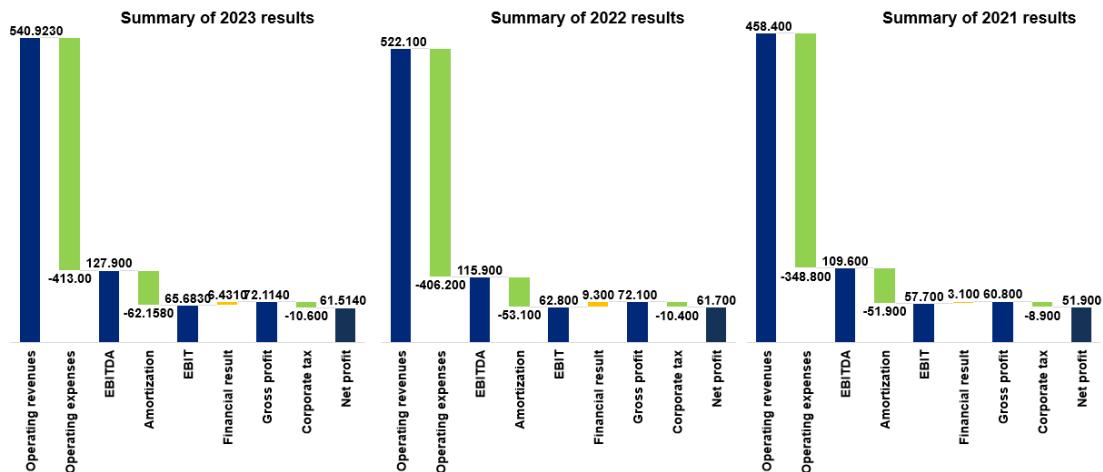


Chart 17 - Synthesis of the financial results during 2021-2023 (mRON)

### Operating Revenues

As compared to the approved budget and the previous period (2022 -2021), the total revenues of the operating activity and the transported volume in 2023 is as follows:

2023		Variation (%) Achieved/Budget 2023	Indicators	2023	2022	2021	Variation%	
Achieved	Budget						2023/2022	2022/2021
Transport services based on tariffs approved by NAMR order - Domestic Subsystem								
2,915	2,987	▼ 2.4%	thousand tons	2,915	3,046	3,234	▼ 4.3%	▼ 5.8%
343,752	352,318	▼ 2.4%	thousand ron	343,752	321,320	293,265	▲ 7.0%	▲ 9.6%
Transport services based on tariffs approved by NAMR order - Import Subsystem								
3,072	3,208	▼ 4.2%	thousand tons	3,072	3,944	3,351	▼ 22.1%	▲ 17.7%
130,096	133,811	▼ 2.8%	thousand ron	130,096	144,044	113,541	▼ 9.7%	▲ 26.9%
<b>Total quantities and revenues from transport services based on tariffs approved by NAMR order</b>								
<b>5,987</b>	<b>6,195</b>	<b>▼ 3.4%</b>	thousand tons	<b>5,987</b>	<b>6,990</b>	<b>6,585</b>	<b>▼ 14.4%</b>	<b>▲ 6.2%</b>
<b>473,848</b>	<b>486,129</b>	<b>▼ 2.5%</b>	thousand ron	<b>473,848</b>	<b>465,364</b>	<b>406,806</b>	<b>▲ 1.8%</b>	<b>▲ 14.4%</b>
Other types of operations related to the N.T.S.								
307	156	▲ 96.8%	thousand tons	307	110	66	▲ 179.1%	▲ 66.7%
9,025	4,044	▲ 123.2%	thousand ron	9,025	4,493	3,671	▲ 100.9%	▲ 22.4%
<b>Total general crude oil, rich gas and condensate transport activity</b>								
<b>6,294</b>	<b>6,351</b>	<b>▼ 0.9%</b>	thousand tons	<b>6,294</b>	<b>7,100</b>	<b>6,651</b>	<b>▼ 11.4%</b>	<b>▲ 6.8%</b>
<b>482,873</b>	<b>490,173</b>	<b>▼ 1.5%</b>	thousand ron	<b>482,873</b>	<b>469,857</b>	<b>410,477</b>	<b>▲ 2.8%</b>	<b>▲ 14.5%</b>
2,078	2,038	▲ 2.0%	Revenues from rents	2,078	1,966	1,633	▲ 5.7%	▲ 20.4%
163	573	▼ 71.6%	Other revenues	163	410	677	▼ 60.2%	▼ 39.4%
<b>485,114</b>	<b>492,784</b>	<b>▼ 1.6%</b>	<b>Turnover</b>	<b>485,114</b>	<b>472,233</b>	<b>412,787</b>	<b>▲ 2.7%</b>	<b>▲ 14.4%</b>
51,226	52,334	▼ 2.1%	Write-back to revenues of reserve established based on the expenses with the modernization quota	51,226	39,912	37,680	▲ 28.3%	▲ 5.9%
612	165	▲ 270.9%	Earnings from disposal of assets	612	5,402	4,915	▼ 88.7%	▲ 9.9%
3,982	1,702	▲ 134.0%	Other revenues	3,982	4,513	3,004	▼ 11.8%	▲ 50.2%
<b>55,820</b>	<b>54,201</b>	<b>▲ 3.0%</b>	<b>Other operating revenues</b>	<b>55,820</b>	<b>49,827</b>	<b>45,599</b>	<b>▲ 12.0%</b>	<b>▲ 9.3%</b>
<b>540,934</b>	<b>546,985</b>	<b>▼ 1.1%</b>	<b>Total operating revenues</b>	<b>540,934</b>	<b>522,060</b>	<b>458,386</b>	<b>▲ 3.6%</b>	<b>▲ 13.9%</b>

Table 20 - Operating income statement year 2023 compared to the Budget and compared to the period between 2021-2022

The revenues achieved from transport on subsystems in 2023, compared to the budget and the period 2021 - 2023, are as follows:

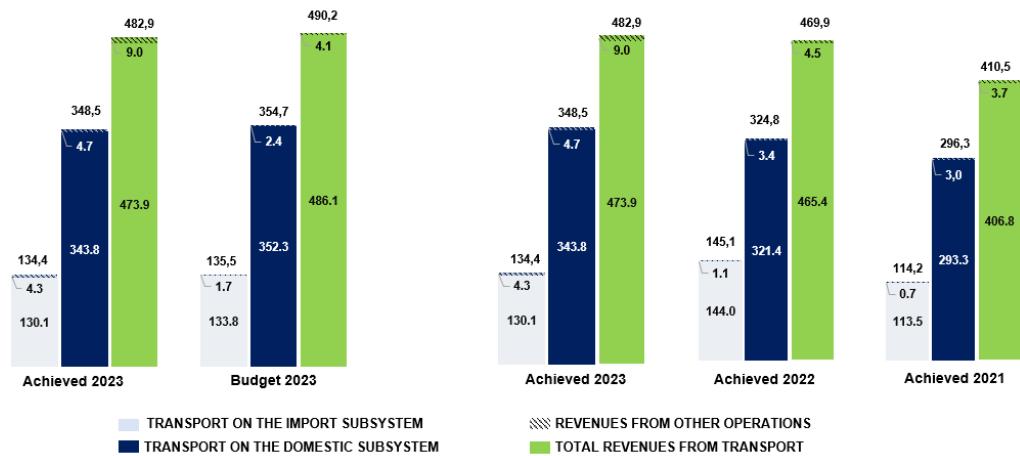


Chart 18 - The evolution of the revenues achieved from the transport on subsystems 2021 - 2023 vs. Budget 2023 (mRON)

The operating revenues recorded a decrease by 1.1% as compared to Budget. As compared to 2022 the increase in the operating revenues was 3.6% (18,874 thousand Ron).

The transport revenues hold a share of 99.5% in turnover, the difference of 2,241 thousand RON (0.5%) representing revenues from various activities such as: leases of lands and telecommunication equipment, rail shunting, etc.

Other operating revenues mainly include the revenues from the transfer of the reserve representing the modernization quota related to the depreciation of fixed assets financed from this quota recorded in expenditure in 2023. The revenues representing the modernization quota have registered an increase by 28.3% in 2023 as compared to the same period of 2022, due to depreciation related to commissioning in 2023.

## Operating Expenses

The operating expenses made in 2023, as compared to the last 2 years and the budget provisions, are as follows:

Achieved 2023	Budget 2023	Variation% Achieved/Budget 2022	Indicators (thousand RON)	2023	2022	2021	Variation%	
							2023/2022	2022/2021
6,543	7,407	▼ 11.7%	Material expenses, out of which:	6,543	6,934	5,448	▼ 5.6%	▲ 27.3%
3,489	3,937	▼ 11.4%	- expenses with consumables	3,489	3,629	2,981	▼ 3.9%	▲ 21.7%
2,102	2,400	▼ 12.4%	- fuel expenses	2,102	2,253	1,569	▼ 6.7%	▲ 43.6%
18,597	26,323	▼ 29.4%	Other external expenses (with energy and water)	18,597	33,739	16,553	▼ 44.9%	▲ 103.8%
194,395	194,952	▼ 0.3%	Personnel expenses, out of which:	194,395	180,923	168,219	▲ 7.5%	▲ 7.6%
155,825	155,993	▼ 0.1%	- salaries expenses	155,825	143,346	133,956	▲ 8.7%	▲ 7.1%
4,157	4,321	▼ 3.8%	- expenses related to insurances, social protection and other legal obligations	4,157	4,060	3,755	▲ 2.4%	▲ 8.1%

Achieved 2023	Budget 2023	Variation% Achieved/Budget 2022	Indicators (thousand RON)	2023	2022	2021	Variation%	
							2023/2022	2022/2021
34,413	34,638	▼ 0.6%	- other personnel expenses	34,413	33,517	30,508	▲ 2.7%	▲ 9.9%
<b>61,485</b>	<b>66,132</b>	<b>▼ 7.0 %</b>	Value adjustments of fixed assets, less adjustments related to rights of use resulted from lease contracts	<b>61,485</b>	<b>53,075</b>	<b>51,939</b>	<b>▲ 15.9%</b>	<b>▲ 2.2%</b>
<b>2,051</b>	<b>2,064</b>	<b>▼ 0.6%</b>	Value adjustments on rights of use resulted from leasing contracts	<b>2,051</b>	<b>1,987</b>	<b>1,673</b>	<b>▲ 3.2%</b>	<b>▲ 18.8%</b>
<b>126,936</b>	<b>133,324</b>	<b>▼ 4.8%</b>	<b>Expenses with external services, out of which:</b>	<b>126,936</b>	<b>114,242</b>	<b>109,776</b>	<b>▲ 11.1%</b>	<b>▲ 4.1%</b>
2,532	3,116	▼ 18.7%	- maintenance (maintenance, current repairs)	2,532	2,789	2,317	▼ 9.2%	▲ 20.4%
71,645	75,015	▼ 4.5%	- expenses with crude oil transport by rail	71,645	61,430	63,202	▲ 16.6%	▼ 2.8%
296	1,661	▼ 82.2%	- expenses with decontamination works	296	1,939	1,474	▼ 84.7%	▲ 31.5%
38,519	37,899	▲ 1.6%	- oil royalty	38,519	36,511	31,527	▲ 5.5%	▲ 15.8%
13,944	15,633	▼ 10.8%	- other services performed by third parties	13,944	11,573	11,256	▲ 20.5%	▲ 2.8%
(239)	(400)	-	<b>Value adjustments on the current assets</b>	(239)	(767)	<b>278</b>	-	-
<b>2,446</b>	<b>259</b>	<b>▲ 844.4%</b>	<b>Provisions adjustments</b>	<b>2,446</b>	<b>6,753</b>	<b>(4,144)</b>	<b>▼ 63.8 %</b>	-
<b>62,357</b>	<b>63,833</b>	<b>▼ 2.3%</b>	<b>Other operating expenses, out of which:</b>	<b>62,357</b>	<b>62,405</b>	<b>50,907</b>	<b>▼ 0.1%</b>	<b>▲ 22.6%</b>
58,084	59,214	▼ 1.9%	- modernization quota expenses	58,084	57,321	47,490	▲ 1.3%	▲ 20.7%
<b>474,571</b>	<b>493,894</b>	<b>▼ 3.9%</b>	<b>Total operating expenses</b>	<b>474,571</b>	<b>459,291</b>	<b>400,649</b>	<b>▲ 3.3%</b>	<b>▲ 14.6%</b>

Table 21 - Operating expenses statement year 2023 compared to the Budget and compared to the period between 2021-2022

The operating expenses achieved in 2023 increased by 3.3% as compared to 2022, from 459,291 thousand RON to 474,571 thousand RON. The increase in operating expenses was mainly driven by higher personnel expenses, expenses for crude oil transport by rail, value adjustments on fixed assets (depreciation), oil royalty and modernization quota expenses.

As compared to the approved budget, in 2023 were registered savings for the following types of expenses: electricity and gas (7,726 thousand Ron), value adjustments on assets (depreciation) 4,660 thousand Ron, decontamination works (1,365 thousand Ron), maintenance expenses (584 thousand Ron), material expenses (864 thousand Ron), personnel expenses (557 thousand Ron).

Statement of the personnel expenses achieved in 2021 - 2023, is as follows:

Indicators (thousand RON)		2023	2022	2021
<b>Total personnel expenses, out of which:</b>		<b>194,395</b>	<b>180,923</b>	<b>168,219</b>
a).	Salary expenses	155,825	143,346	133,956
b).	Bonuses awarded as per the CLA	25,284	21,171	20,495
c).	Expenditure on severance payments related to personnel layoffs	40	3,912	1,798
d).	Expenses related to the mandate contracts of the Board of Directors and the Directors with a mandate contract	5,251	4,848	4,892
e).	Labor insurance contribution expenses	3,838	3,585	3,322
f).	Company's contribution to voluntary pension schemes	2,774	2,872	2,259
g).	Company's contribution to voluntary health insurance premiums	1,383	1,189	1,497

Table 22 - Statement of personnel expenses in 2021 -2023

**The operating profit** achieved in 2023, of 66,363 thousand Ron increased by 25% (13,272 thousand Ron), as compared to the budgeted amount.

**The financial profit** achieved in 2023 is higher by 3,872 thousand RON compared to budget. Compared to 2022, the financial profit decreased by 2,939 thousand Ron as a result of lower interest income received from cash placements in deposits.

**The net profit** amounting to 61,617 thousand RON, is 13,678 thousand RON higher than budgeted and 47 thousand RON below the level recorded in 2022.

## Financial Result

Indicator (thousand RON)	2023	2022	2021	Variation%	
				2023/2022	2022/2021
Revenues from interests	6,653	9,737	3,402	▼ 31.7%	▲ 186.2%
Other financial revenues	37	102	26	▼ 63.7%	▲ 292.3%
<b>Total financial revenues</b>	<b>6,690</b>	<b>9,839</b>	<b>3,428</b>	<b>▼ 32.0%</b>	<b>▲ 187.1%</b>
<b>Total financial expenses</b>	<b>259</b>	<b>469</b>	<b>330</b>	<b>▼ 44.8%</b>	<b>▲ 42.1%</b>
<b>Financial Result</b>	<b>6,431</b>	<b>9,370</b>	<b>3,098</b>	<b>▼ 31.4%</b>	<b>▲ 202.5%</b>

Table 23 - Financial result during 2021-2023

The financial revenues decreased by 32% in 2023, compared to the same period of the previous year, due to a decrease in interest income received by the Company.

The financial expenses decreased by 210 thousand Ron in 2023 compared to 2022.

Based on this trend, **the financial result** lowered by 31.4% in 2023, as compared to 2022 (from 9,370 thousand RON to 6,431 thousand RON).

The company ended in 2023 with a **net profit** amounting to 61,617 thousand RON, 28.5% over the budgeted level, and as compared to 2022 records a 0.1% decrease.

### 4.3.3 Economic-Financial Indicators

Name of the indicator	Calculation formula	2023	2022	2021	Variation%	
		2023/2022	2022/2021			
<b>Profitability indicators</b>						
Gross sales margin	EBIT (operating profit)	13.7%	13.3%	14.0%	▲ 0.4 p.p.	▼ 0.7 p.p.
	Turnover					
Operating profit margin	EBIT (operating profit)	12.3%	12.0%	12.6%	▲ 0.3 p.p.	▼ 0.6 p.p.
	Operating Revenues					
EBITDA in total sales	EBITDA	26.4%	24.5%	26.6%	▲ 1.9 p.p.	▼ 2.1 p.p.
	Turnover					
EBITDA adjusted in total sales	Adjusted EBITDA	27.8%	28.2%	28.9%	▼ 0.4 p.p.	▼ 0.7 p.p.
	Turnover					
EBITDA in equity	EBITDA	17.5%	16.9%	16.4%	▲ 0.6 p.p.	▲ 0.5 p.p.
	Total Equities					
EBITDA adjusted in equity	Adjusted EBITDA	18.4%	19.5%	17.9%	▼ 1.1 p.p.	▲ 1.6 p.p.
	Total Equities					
Gross Profit Rate	Gross result	15.0%	15.3%	14.7%	▼ 0.3 p.p.	▲ 0.6 p.p.
	Turnover					
<b>Liquidity Indicators</b>						
Current liquidity indicator (times)	Current assets	1.9	1.9	3.0	-	▼ 36.7%
	Current liabilities					
The quick ratio indicator (acid test)	Current assets - Inventories	1.9	1.8	2.9	▲ 5.6%	▼ 37.9%
	Current liabilities					
<b>Profitability indicators</b>						
Return on Assets (ROA)	Net result	7.3%	7.6%	6.7%	▼ 0.3 p.p.	▲ 0.9 p.p.
	Total assets					
Return on Equity (ROE)	Net result	8.4%	9.0%	7.8%	▼ 0.6 p.p.	▲ 1.2 p.p.
	Total Equities					
Return on Sales (ROS)	Net result	12.7%	13.1%	12.6%	▼ 0.4 p.p.	▲ 0.5 p.p.
	Turnover					
Inventories turnover speed (days)	Medium inventory X360	367.1	316.0	370.7	▲ 16.2%	▼ 14.8%
	Sales costs					
Duration of inventory turnover (times)	Sales costs	1.0	1.1	1.0	▼ 9.1%	▲ 10.0%
	Average inventory					
Rotation speed of the clients debits (days)	Average stock clients X360	28	29	28	▼ 3.4%	▲ 3.6%
	Turnover					
Rotation duration of the clients debits (times)	Turnover	13.0	12.6	13.1	▲ 3.2%	▼ 3.8%
	Average stock clients					
Rotation speed of supplier credits (days)	Average stock suppliers X360	29	26	26	▲ 11.5%	-
	Procurement from suppliers of goods and services					

Name of the indicator	Calculation formula	2023	2022	2021	Variation%	
					2023/2022	2022/2021
Rotation duration of the suppliers credits (times)	Procurement from suppliers of goods and services	12.4	13.6	13.7	▼ 8.8%	▼ 0.7%
	Average supplier balance					
<b>Risk indicators</b>						
Leverage degree indicator	Borrowed capital	0.3%	0.3%	0.6%	-	▼ 0.3 p.p.
	Total equity					

Table 24 – Economic-Financial indicators during 2021-2023

#### 4.3.4 Execution of the revenues and expenditure budget

The Revenues and Expenditure Budget for the year 2023 has been approved by the OGMS in the meeting dated February 17<sup>th</sup>, 2023, as per the provisions of the Government Ordinance no. 26/2013.

During 2023, the Revenues and Expenditure Budget has been amended on several occasions in compliance with the legal provisions contained in:

- GO no.26/2013 *regarding the reinforcement of the financial discipline at the level of economic operators to which the State or the administrative - territorial divisions act as unique or majority shareholders or hold directly or indirectly a majority participation, subsequent amendments and additions;*
- Law no. 368 from December 28<sup>th</sup>, 2022 of the State budget for the year 2023, Art. 48;
- Order of the Ministry of Public Finance no. 3818/2019 for the approval of the *format and structure of the revenues and expenditure budget, as well as the substantiation annexes thereof;*

The implementation of the amended Revenues and Expenditure Budget for 2023 is presented as follows:

Crt. no.		Indicators (thousand RON)		Row no.	RECTIFIED BUDGET YEAR 2023	Achievements Year 2023	% 6= 5/4
1		2		3	4	5	6
I		<b>TOTAL REVENUES (Row1=Row2+Row5)</b>		1	<b>550,003</b>	<b>547,624</b>	<b>99.6%</b>
	1	<b>Total operating revenues, of which:</b>		2	<b>546,985</b>	<b>540,934</b>	<b>98.9%</b>
		a).	subsidies, as per the legal provisions in force	3	0	0	-
		b).	transfers, as per the legal provisions in force	4	0	0	-
	2	<b>Financial Revenues</b>		5	<b>3,018</b>	<b>6,690</b>	<b>221.7%</b>
II		<b>TOTAL EXPENSES (Row 6=Row 7+Row 19)</b>		6	<b>494,353</b>	<b>474,830</b>	<b>96.1%</b>
	1	<b>Operating Expenses, (Row 7=Row 8+Row9+Row10+Row18), o/w:</b>		7	<b>493,894</b>	<b>474,571</b>	<b>96.1%</b>
	A.	<b>goods and services expenses</b>		8	<b>129,955</b>	<b>114,346</b>	<b>88.0%</b>
	B.	<b>taxes, fees and similar levies related expenses</b>		9	<b>40,967</b>	<b>41,472</b>	<b>101.2%</b>

Crt. no.		Indicators (thousand RON)		Row no.	RECTIFIED BUDGET YEAR 2023	Achievements Year 2023	% 6= 5/4
1		2		3	4	5	6
C.	personnel expenses (Rows 10=Row11+Row14+Row16+Row17), o/w:		10	194,952	194,395	99.7%	
	C0	Salaries expenses (Rows 11=Row12+Row13)	11	181,292	181,109	99.9%	
	C1	Salary expenses	12	155,993	155,825	99.9%	
	C2	bonuses	13	25,299	25,284	100.0%	
	C3	Other personnel expenses, out of which:	14	40	40	100.0%	
		expenditure on severance payments relating to personnel redundancies	15	40	40	100.0%	
	C4	Expenses related to the Contract of Mandate and other management and control bodies, committees and commissions	16	5,431	5,251	96.7%	
	C5	Expenses with contributions due by the employer	17	8,189	7,995	97.6%	
	D.	Other operating expenses	18	128,020	124,358	97.1%	
	2	Financial Expenses	19	459	259	56.4%	
III		GROSS RESULT (profit/loss)(Rd.20= Rd.1-Rd.6)	20	55,650	72,794	130.8%	
IV	1	CURRENT CORPORATE TAX	21	7,837	10,587	135.1%	
	2	DEFFERED CORPORATE TAX	22	2,736	3,003	109.8%	
	3	REVENUES FROM DEFFERED CORPORATE TAX	23	2,862	2,413	84.3%	
	4	TAX SPECIFIC TO CERTAIN ACTIVITIES	24	0	0	-	
	5	OTHER TAXES MISSING FROM THE ABOVE ITEMS	25	0	0	-	
V		PROFIT/NET LOSS OF THE REPORTING PERIOD (Row 26=Rd.20-Rd.21-Rd.22+Rd.23-Rd.24-Rd.25), of which:	26	47,939	61,617	128.5%	
	1	Legal reserves	27	0	0	-	
	2	Other reserves representing fiscal incentives provided by Law	28	3,626	3,726	102.8%	
	3	The coverage of accounting losses from previous years	29	0	0	-	
	4	Establishment of own financing sources for the projects co-financed through foreign loans, as well as for the establishment of the necessary sources to reimburse capital ratio, interests, commissions and other costs related to these loans	30	0	0	-	
	5	Other allocations stipulated by law	31	0	0	-	
	6	Accounting profit remaining after deducting the amounts from Rows 27, 28, 29, 30, 31 (Row 32=Row26-(Row27 to Row 31)>= 0)	32	44,313	57,891	130.6%	

Crt. no.		Indicators (thousand RON)		Row no.	RECTIFIED BUDGET YEAR 2023	Achievements Year 2023	% 6= 5/4
1		2		3	4	5	6
	7	Employees share of profit within the limit of 10% of the net profit, but no more than the level of an average monthly basic salary achieved at the level of the economic operator in the reference financial year		33	4,924	6,000	121.9%
	8	Minimum 50% transfers to the state or local budget in case of regies autonomes or dividends due to shareholders in case of the societies/national companies or state-owned or majority companies, out of which:		34	44,313	55,891	126.1%
	a)	- dividends payable to the state budget		35	26,019	32,817	126.1%
	b)	- dividends payable to the local budget		36	0	0	-
	c)	- dividends due to other shareholders		37	18,294	23,074	126.1%
	9	Undistributed profits on the destinations under Rows 33 - 34 is distributed to other reserves and represents its own source of funding		38	0	2,000	
VI		<b>REVENUES FROM EUROPEAN FUNDS</b>		39	<b>0</b>	<b>0</b>	-
VII		<b>ELIGIBLE EXPENSES FROM EUROPEAN FUNDS, out of which:</b>		40	<b>0</b>	<b>0</b>	-
	a)	material expenses		41	0	0	-
	b)	salaries expenses		42	0	0	-
	c)	expenses on provision of services		43	0	0	-
	d)	advertising and publicity expenses		44	0	0	-
	e)	other expenses		45	0	0	-
VIII		<b>INVESTMENT FINANCING SOURCES, o/w:</b>		46	<b>112,000</b>	<b>83,062</b>	<b>74.2%</b>
	1	Budget allocations		47	0	0	-
		budget allocations related to payments of commitments from previous years		48	0	0	-
IX		<b>EXPENSES FOR INVESTMENTS</b>		49	<b>112,000</b>	<b>83,062</b>	<b>74.2%</b>

Table 25 - Execution of the Revenues and Expenditure budget for the year 2023

#### 4.3.5 Cash-flow

Elements (thousand RON)	12 months 2023	12 months 2022	12 months 2021	Variation%	
				2023/2022	2022/2021
<b>Cash flows from operating activities:</b>					
+ Proceeds from services supply	520,121	509,861	441,809	▲ 2.0%	▲ 15.4%
+ Proceeds from interests related to banking investments	6,576	9,872	3,320	▼ 33.4%	▲ 197.4%
+ Other proceeds	4,251	13,518	15,675	▼ 68.6%	▼ 13.8%
- Payments to the suppliers of goods and services	140,226	140,569	121,740	▼ 0.2%	▲ 15.5%
- Payments to and on behalf of the employees	192,207	176,585	166,735	▲ 8.8%	▲ 5.9%
- VAT payments	54,309	42,222	51,158	▲ 28.6%	▼ 17.5%
- Expenses with corporate tax and specific tax	10,776	11,738	7,869	▼ 8.2%	▲ 49.2%

Elements (thousand RON)	12 months 2023	12 months 2022	12 months 2021	Variation%	
	2023/2022	2022/2021			
- Other payments regarding the operating activities	45,178	45,623	43,857	▼ 1.0%	▲ 4.0%
<b>A Net cash from operating activities</b>	<b>88,252</b>	<b>116,514</b>	<b>69,445</b>	<b>▼ 24.3%</b>	<b>▲ 67.8%</b>
<b>Cash flows from investment activities:</b>					
+ Proceeds from sale of tangible assets	621	303	302	▲ 105.0%	▲ 0.3%
+ Proceeds from modernization quota	58,084	57,321	47,490	▲ 1.3%	▲ 20.7%
- Payments for purchase of tangible/intangible assets	104,205	172,138	63,416	▼ 39.5%	▲ 171.4%
<b>B Net cash from investment activities</b>	<b>(45,500)</b>	<b>(114,514)</b>	<b>(15,624)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities:</b>					
- Paid dividends	59,301	62,865	57,690	▼ 5.7%	▲ 9.0%
- Payments on the lease debt account	3,196	3,015	2,430	▲ 6.0%	▲ 24.1%
- Interest payments	185	199	207	▼ 7.0%	▼ 3.9%
<b>C Net cash from financing activities</b>	<b>(62,682)</b>	<b>(66,079)</b>	<b>(60,327)</b>	<b>-</b>	<b>-</b>
<b>Net increase of the cash and cash equivalents</b>	<b>(19,930)</b>	<b>(64,079)</b>	<b>(6,506)</b>	<b>-</b>	<b>-</b>
<b>=A+B+C=D2-D1</b>					
<b>D1 Cash and cash equivalents at the beginning of the period</b>	<b>127,672</b>	<b>191,751</b>	<b>198,257</b>	<b>▼ 33.4%</b>	<b>▼ 3.3%</b>
<b>D2 Cash and cash equivalents at the end of the period</b>	<b>107,742</b>	<b>127,673</b>	<b>191,751</b>	<b>▼ 15.6%</b>	<b>▼ 33.4%</b>

Table 26 - Statement of cash flows for the period 2021 -2023

Cash and cash equivalents on 31.12.2023 decreased by 15.6% as compared to December 31, 2022 (107,742 thousand Ron compared to 127,673 thousand Ron) due to payments of fixed assets (investments) and dividends, higher than the surplus of cash obtained from the operating activity and cash inflows from the investment activity (cash representing the modernization quota).

Out of the total of 107,742 thousand Ron availabilities in balance on 31.12.2023, the share of the modernization quota is 32,041 thousand Ron.

The effects of the three activity areas (operation, investment and financing) over the cash in the 12 months period of 2023 reveal the following:

- the operating activity triggered a cash-flow in amount of 88,252 thousand Ron (+);
- the investment activity ended with a negative cash-flow in amount of 45,500 thousand Ron (-);
- the financing activity decreased the total cash flow by 62,682 thousand Ron (-).

The value of net cash flows from the operating activity is lower than the one recorded in the similar period of the previous year with the amount of 28,262 thousand RON due to the increase in payments to employees and the state budget and the decrease in interest collections.

The net cash from the investment activity registers a negative value, lower by 69,013 thousand RON, due to the decrease of the cash outputs for the investment activity as compared to the level registered in the same period of 2022.

The net cash from the financing activity registers in both compared periods negative amounts determined by the payment of dividends to the shareholders and the amounts related to leasing.

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

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

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

The fulfillment of these objectives is being supported by:

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

#### **4.3.7 Related Parties**

In 2023, the Company performed the following significant transactions with related parties:

##### **Procurement from affiliated parties**

Partner	Unsettled amounts on December 31, 2021	Procurements during 01.01.2022-31.12.2022	Settlements during 01.01.2022-31.12.2022	Unsettled amounts on December 31, 2022	Procurements during 01.01.2023-31.12.2023	Settlements during 01.01.2023-31.12.2023	Unsettled amounts on December 31, 2023
S.N.T.F.M. CFR MARFĂ S.A.	5,793	73,827	70,611	9,009	18,394	27,374	29
ELECTRICA FURNIZARE S.A.	-	17,314	13,917	3,397	542	3,939	-
SPEEH HIDROELECTRICA S.A.	-	12,593	12,593	-	20,377	13,844	6,533

\*The amounts include VAT as well

Table 27 - Purchases from affiliated parties (thousand RON)

Partner	31.12.2023	31.12.2022
<b>Guarantees granted to affiliated parties</b>		
SPEEH HIDROELECTRICA S.A.	1,989	1,989
ELECTRICA FURNIZARE S.A.	277	1,541
<b>Guarantees received from affiliated parties</b>		
SNTFM CFR Marfă S.A.	-	500

Table 28 - Guarantees granted/received with/from related parties (thousands of RON)

## 4.4 Analysis of the corporate activity

### 4.4.1 Capital market business

#### Evolution of “COTE” shares

The shares issued by CONPET S.A. are traded on the regulated market administered by the Bucharest Stock Exchange, on the Principal segment, at Equity sector - category Premium, under “COTE” symbol.

At the end of 2023, the trading price of CONPET shares recorded an increase by 20.7 % compared to the closing price of the last day of the previous year.

In summary, the transactions recorded with CONPET shares on Bucharest Stock Exchange in 2023 are as follows:

- 13,961 transactions have been performed, approx. 30% less than in 2022 (19,971 transactions);
- the total volume of traded shares amounted to 509,910 shares, 48.5% lower than the volume recorded in 2022 (990,838 shares);
- the total value of trades amounted to 38,961,152 Ron, 46.6% lower than the value recorded in 2022 (72,984,780 Ron);
- the average trading price was 75.50 RON/share, higher by 4.29 RON/share versus the average price of the shares registered during 2022 (71.21 RON/share);
- the trading price registered the maximum value, respectively 82.20 Ron/share at the end of December;
- the market capitalization at the end of December 2023 was 708,185,790 RON, increasing by 20.7% as compared to the value recorded at the end of 2022 (586,980,398 RON).

The main trading indices of 2023 for the shares issued by CONPET S.A. are presented in the following table:

Month	Indices	Average price (RON/share)	No. of trades	No. of traded shares	Value of trades (RON)
January		73.15	1,546	46,898	3,415,075
February		74.59	1,020	22,465	1,672,838
March		74.87	1,167	33,964	2,534,892
April		77.51	752	31,225	2,427,954
May		77.76	1,978	88,967	6,942,303
June		72.36	1,347	27,536	1,979,267
July		74.32	1,243	43,126	3,181,849
August		73.37	1,102	31,181	2,276,681
September		74.34	947	28,468	2,117,957
October		76.30	913	26,406	2,011,821
November		76.76	864	21,823	1,672,586
December		80.67	1,082	107,851	8,727,929
<b>Cumulated</b>		<b>75.50</b>	<b>13,961</b>	<b>509,910</b>	<b>38,961,152</b>

Table 29 - Main trading indices

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

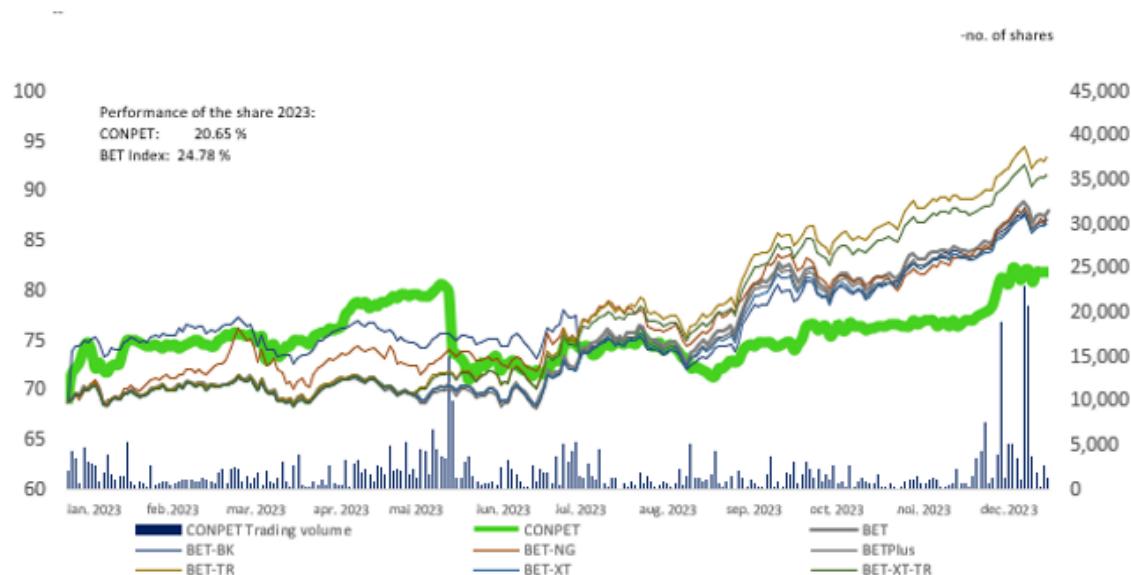


Chart 19 - Evolution of COTE shares vs. stock indices (rebased) where it is included in 2023 (RON)

Graphically, the evolution of the trading price of CONPET S.A. shares, along 2023 is the following:

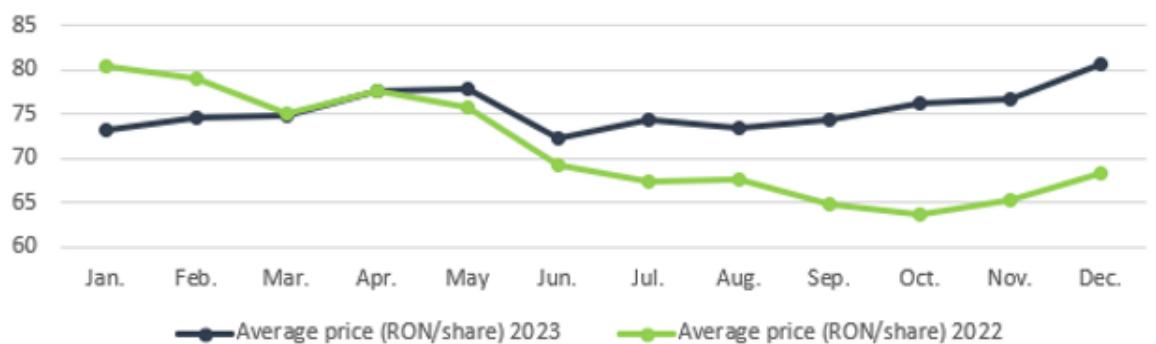


Chart 20 – Evolution of the share trading price

Stock Market indicators	Period					
		2019	2020	2021	2022	2023
PER		11.36	11.20	12.13	10.00	12.42
P/BV		1.04	1.01	1.09	0.91	1.07
EPS		7.01	6.80	6.51	6.78	6.59
DIVY (dividend yield)		9.38	9.26	8.73	10.74	8.40

Table 30 - Main stock performances indicators

On 31.12.2023, according to the TOP 30 Issuers by capitalization, CONPET ranked 33<sup>rd</sup>, with a market capitalization of 708,185,790 Ron (142.36 mEUR), which holds a share of 0.24% in the total market capitalization.

### The Dividend Policy

Within the last 5 years, CONPET has fulfilled its commitment to award a return on investment to its shareholders by means of a sustainable dividend policy and distributed dividends in a quota comprised between 94% and 98% of the net accounting profit.

The dividend policy of the company CONPET S.A. was approved by the Board of Directors in January 2021.

The net profit distribution decisions concern the company's options between partial or full reinvestment of the net profit and/or distribution in the form of dividends.

Depending on the situation prevailing at the time of the proposed profit allocation, deviations from the policy may occur as a result of certain specific legal requirements applicable at that date, changes in the tax framework, depending on capital requirements for investments, etc.

The rate of distribution of dividends, set out in the dividend policy, which the Board of Directors will consider in the formulation of the proposal to the General Meeting of Shareholders of CONPET S.A. will be between 85 % and 100 % of the net accounting profit.

The gross dividend per share is the share of the company's net profit that is calculated and paid to shareholders for each share held.

The evolution of the dividends distributed from the net profit for the period 2020 - 2022 is as follows:

Share of profit	GMS date	Registration Date	Total gross dividends due - RON-	% of net profit	Gross dividend/share - RON-	Paid gross dividends - RON-	Net dividends accumulated on 31.12.2023
2020-Dividend from the profit of the year, from reserves and retained earnings	28.04.2021	08.06.2021	59,707,439	97.48%	6.89	58,098,820.74	1,608,618.26
2021-Dividend from the profit of the year, from reserves and retained earnings	28.04.2022	25.05.2022	63,057,849	97.14%	7.28	61,315,778.24	1,742,070.76
2022-Dividend from the profit of the year, from reserves and retained earnings	27.04.2023	25.05.2023	59,510,161	94.89%	6.87	57,416,516.78	2,093,644.22

Table 31 - Evolution of dividends distributed in the period 2020-2022.

The return on investment and dividend yield in the period 2019-2023 are shown in the chart below:

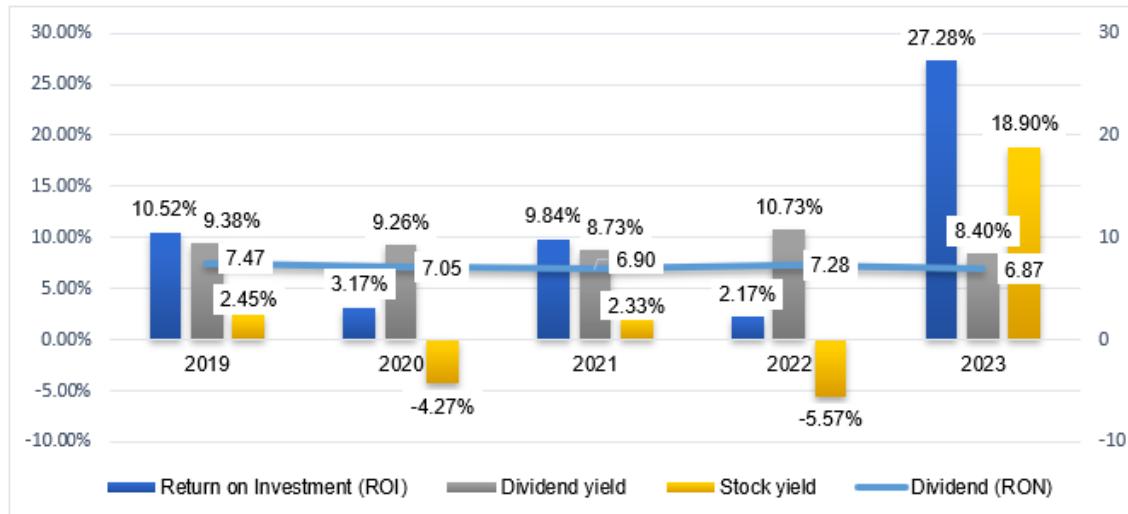


Chart 21 – Evolution of the return on investment and dividend yield

The total dividend per share was 6.87 RON, thus offering its shareholders a dividend yield of 8.4%, therefore ranking first in the top of dividends awarded by a company listed on the Bucharest Stock Exchange, Premium category.

#### Own shares, issuance of bonds or other debt instruments

CONPET did not perform transactions having as scope purchase of own shares and does not hold own shares at the end of 2023.

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

CONPET has not issued bonds or other debt instruments.

#### **4.4.2. Corporate Governance**

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

The corporate governance at the level of CONPET company 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 5<sup>th</sup>, 2013 on the regulated market managed by the Bucharest Stock Exchange (BVB), I<sup>st</sup> Tier, under the COTE symbol.

Starting January 5<sup>th</sup>, 2015, CONPET S.A. is included in the PREMIUM category of the regulated market managed by the Bucharest Stock Exchange.

The Corporate Governance system of CONPET is being constantly improved, so as to be compliant with the rules and recommendations applicable to a company listed at the BVB.

Among the measures already implemented, please note:

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

#### ***The Corporate Governance Rules***

As an issuer listed on 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 activity in accordance with the principles set out in the Corporate Governance Code of Bucharest Stock Exchange. The regulation is a public document and can be read on the company's website by accessing the following link:<https://www.conpet.ro/guvernanta-corporativa/regulament-de-guvernanta-corporativa/>.

#### ***Other applicable documents***

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

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

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

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

<b>The Provisions of the Corporate Governance Code</b>	<b>Complies</b>	<b>Fails to comply or partially complies</b>	<b>Explanation regarding conformity/ Reason for Non-Compliance</b>
<p>judgment in practice and according to the following criteria:</p> <p>A.4.1. is not Director General/executive officer of the company or of a company under his/her control and did not hold such position for the previous five (5) years;</p> <p>A.4.2. is not the employee of the company or of a company under his/her control and was not in such position for the previous five (5) years;</p> <p>A.4.3. does not receive and did not receive additional remuneration or other advantages from the company or from a company under his/her control, apart from those corresponding to the capacity of non-executive administrator;</p> <p>A.4.4. is not or was not the employee or does not have or did not have during the previous year a contractual relationship with a significant shareholder of the company, a shareholder controlling more than 10% of the voting rights, or with a company controlled by him;</p> <p>A.4.5. does not have and did not have, during the previous year, a business or professional relationship with the company or with a company under his/her control, either directly or as a customer, partner, shareholder, member of the Board/Administrator, Director General/executive director or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;</p> <p>A.4.6. is not and was not, in the last three years, the external or internal auditor or a partner or associate employee of the current external financial auditor or internal auditor of the company or of a company under his/her control;</p> <p>A.4.7. is not Director General/executive officer in another company where another Director General/executive officer of the company is a non-executive administrator;</p>			

<b>The Provisions of the Corporate Governance Code</b>	<b>Complies</b>	<b>Fails to comply or partially complies</b>	<b>Explanation regarding conformity/ Reason for Non-Compliance</b>
A.4.8. has not been a non-executive director of the company for more than twelve years; A.4.9. does not have family ties with a person in the situations mentioned in points A.4.1. and A.4.4			
A.5. Other relatively permanent professional commitments and obligations of a Board member, including executive and non-executive positions in the Board of non-profit companies and institutions, must be disclosed to shareholders and potential investors prior to nomination and during his term of office.	YES		Part of the professional commitments and obligations are communicated in the Statements of Assets and Liabilities of the Board members (in compliance with provisions of Law 176/2010 regarding integrity in the exercise of the positions and public dignities, for the amendment and complementation of Law no.144/2007 regarding the incorporation, organization and operation of ANI, as well as for the amendment of other normative acts).
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	YES		The existing provisions included in the independence statements, respectively in the Corporate Governance Rules regarding the conflict of interest provide compliance with the requirement.
A.7. The company should appoint a secretary of the Board responsible for supporting the work of the Board.	YES		
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the Chairman or the nomination committee and, if so, summarize the key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.		Partially compliant	In compliance with the provisions of the GEO 109/2011, the assessment of the administrators' activity is being performed annually by the general meeting of shareholders and is aiming at both the contract execution and the administration plan. The Nomination and Remuneration Committee drafts a report

The Provisions of the Corporate Governance Code	Complies	Fails to comply or partially complies	Explanation regarding conformity/ Reason for Non-Compliance
			regarding the administrators' evaluation, also considering the assessment surveys filled in for every BoD member.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by the administrators (in person and in absentia) and a report of the Board and committees on their activities.	YES		
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	YES		
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for new Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	YES		The procedure for the appointment/nomination of the Board members is performed in compliance with the provisions of the GEO no.109/2011 on the corporate governance of the public enterprises.
B.1. The Board should set up an audit committee where at least one member should be an independent non-executive. The majority of the members, including the President, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven an adequate auditing or accounting practice. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee members should be independent.	YES		
B.2. The President of the audit committee should be an independent non-executive member.	YES		
B.3. Among its responsibilities, the audit committee should undertake an annual	YES		

<b>The Provisions of the Corporate Governance Code</b>	<b>Complies</b>	<b>Fails to comply or partially complies</b>	<b>Explanation regarding conformity/ Reason for Non-Compliance</b>
assessment of the system of internal audit.			
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal audit reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal audit failings or weaknesses and their submission of relevant reports to the Board.	YES		
B.5. The audit committee should review conflicts of interests in relation to the transactions of the company and its subsidiaries with related parties	YES		
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES		
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES		
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by recurrent (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES		The company CONPET SA complies with the recommendation of the BVB Corporate Governance Code.
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies it has close relations with, that is equal to or bigger than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and	YES		The Company has adopted an affiliated party transaction policy, which aims to identify, approve, monitor and report these transactions in accordance with the applicable law in force.

<b>The Provisions of the Corporate Governance Code</b>	<b>Complies</b>	<b>Fails to comply or partially complies</b>	<b>Explanation regarding conformity/ Reason for Non-Compliance</b>
potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.			
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by hiring an independent third-party entity.	YES		
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the Audit Committee. For administrative purposes and in the scope related to the liabilities of the management to monitor and mitigate risks, it should report directly to the Director General.	YES		
C.1. The company should publish a remuneration policy on its website and include in its annual report a statement on the implementation of the remuneration policy during the annual period subject to review.	YES		
D.1. The company should have an Investor Relations function - indicating, to the general public, the person/persons responsible for the organizational unit. In addition to the information required by legal provisions, the company should include on its website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES		
D.1.1. The main corporate regulations : the articles of incorporation, the procedures on general shareholders' meetings;	YES		On the company website is published relevant information for the investors (Articles of Incorporation, shareholders' rights etc.). The General Meetings of Shareholders are held by the observance of the legislation in force regarding the companies and the capital market, in compliance with the legal provisions regarding the

<b>The Provisions of the Corporate Governance Code</b>	<b>Complies</b>	<b>Fails to comply or partially complies</b>	<b>Explanation regarding conformity/ Reason for Non-Compliance</b>
			call and performance of the general meetings.
D.1.2. Professional CV's of the members of the governing bodies of the company, other professional commitments of the Board members, including the executive and non-executive Board positions in companies or non-profit institutions;	YES		
D.1.3. Current and periodic reports (quarterly, semi-annual and annual reports) – at least the ones provided at item D.8 – including the current reports with detailed information related to the non-compliance with this Code;	YES		
D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CV's; shareholders' questions related to the agenda and the company's answers, including the decisions made;	YES		
D.1.5. Information on corporate events, such as payment of dividends and other distributions to the shareholders or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a time-frame that enables investors to make investment decisions;	YES		
D.1.6. The name and contact data of a person who should be able to provide, upon request, relevant information;	YES		
D.1.7. The Company's presentations (e.g. investors presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	YES		

<b>The Provisions of the Corporate Governance Code</b>	<b>Complies</b>	<b>Fails to comply or partially complies</b>	<b>Explanation regarding conformity/ Reason for Non-Compliance</b>
D.2. The company should provide a policy related to the annual distribution of dividends or other benefits to the shareholders, proposed by the Director General or the Management Board and adopted by the Board of Directors, as a set of directions the company intends to follow regarding the distribution of net profit. The principles of the annual dividend distribution policy should be published on the company's website.	YES		
D.3. The company should adopt a policy in relation to forecasts, whether they are disclosed or not. The Forecasts refer to the quantified conclusions of some studies aimed at determining the global impact of a number of factors related to a future period (so called assumptions): by nature, such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The forecast related policy will establish the frequency, the considered period and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast related policy should be published on the corporate website.	YES		The forecasts have been presented in the summary of the Administration Plan approved in the GMS dated 19.12.2023, published on the company website.
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES		
D.5. The external auditors should attend the shareholders' general meetings when their reports are presented therein.	YES		
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal audit and significant risk management systems, as well as opinions on issues subject to resolution at the general meeting.	YES		

<b>The Provisions of the Corporate Governance Code</b>	<b>Complies</b>	<b>Fails to comply or partially complies</b>	<b>Explanation regarding conformity/ Reason for Non-Compliance</b>
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the President of the Board decides otherwise.	YES		
D.8. The quarterly and semi-annual financial reports should include information, in both Romanian and English, regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on qoq and yoy terms.	YES		
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the "Investors Relation" section of the company website at the time of the meetings/conference calls.	YES		
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company is part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	YES		

Table 32 – Statement on the Conformity with the Provisions of the Corporate Governance Code issued by Bucharest Stock Exchange

#### ***Actions for further improvement of CONPET corporate governance***

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

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

### ***Transparency, information and communication***

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

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

In accordance with the corporate governance principles, CONPET has announced the timetable for meetings with analysts and investors. In 2023, conference calls with financial analysts from the capital market have been organized, for the analysis of the periodic reports of the company. The presentation materials prepared on the events mentioned above have been published on the company's website.

Furthermore, particular importance has been given to the relationship with shareholders and investors, by showing increased transparency. The company's representatives answered positive to all the participants to the capital market.

In 2023, the company CONPET took part in numerous events organized within the capital market, showing openness towards both institutional and individual investors.

The company has also provided a contact number and an email address ([infoinvestitori@conpet.ro](mailto:infoinvestitori@conpet.ro)), through which investors can clarify certain aspects or ask various questions, thus getting in direct contact with the company's investors' relation team.

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

At CONPET level, the corporate governance structures are:

- The General Meeting of Shareholders;
- The Board of Directors and the Consultative Committees;
- The Director General/Directors with mandate contract.

### **General Meeting of Shareholders**

On the reference date 31.12.2023, the total number of shares issued by the company CONPET S.A was of 8,657,528, owned by 16,248 shareholders. The shareholding structure, in accordance with the consolidated synthetic structure on 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 (107 shareholders)

Number of shares:	2,029,972
- Value of the contribution to the share capital (RON)	6,698,907.6
- Share of participation on profit and loss (%):	23.4475

- Natural persons (16,140 shareholders)

Number of shares:	1,544,184
- Value of the contribution to the share capital (RON)	5,095,807.2
- Share of participation on profit and loss (%):	17.8363

The shareholders exercise their rights at the General Meeting of Shareholders ("GMS")., which is the highest decision-making body of the company. The powers of approval of the General Meeting of Shareholders, the organization and validity conditions of these meetings are set out in the Articles of Incorporation of the company, in accordance with the applicable regulations, and are supplemented with the 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/Act-Constitutiv-la-27.04.2023.pdf>

<https://www.conpet.ro/relatia-cu-investitorii/info-actionari/>

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

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

General Meetings are ordinary and extraordinary.

The General Meeting of Shareholders is convened by the Board of Directors, whenever necessary. The call to the General Meeting of Shareholders shall comply with the legal provisions regarding the companies, as well as the capital market regulations and the provisions of these

Articles of Incorporation. The meeting time limit cannot be shorter than 30 days after the publication of the convening notice in the Official Gazette of Romania, part IV.

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

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

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

Each shareholder may address questions to the administrators regarding the company activity, according to the legal provisions.

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

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

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

- discusses, approves or modifies the annual financial statements, based on the administrators' report and the financial auditor's report;
- elects and revokes the administrators according to the law; at the appointment, the OGMS shall bear in mind that the majority of BoD members should be non-executive and independent;
- appoints or revokes the financial auditor and sets forth the minimum duration of the financial audit contract;
- sets the remuneration level and any other amounts and advantages due to the administrators for the financial year in progress, as well as the general limits of the remuneration of the directors;
- approves the Rules on the Organization and Functioning of the Board of Directors and sets out the competencies thereof;
- approves the Revenues and Expenditure Budget (R.E.B.) and the investment program for the next financial year;
- approves the profit distribution as per the provisions of the normative acts in force and the fixing of dividend per share;
- passes judgments over the administrators' management and the means to recover the losses they have caused to the company;
- decides upon the pledging, leasing or dissolution of one or several units of the company;

- fulfills any other duty, set under the law, as being borne by them.

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

- changing the legal form of the company;
- changing the location of the company's headquarters;
- changing the company's line of business;
- establishment or disestablishment of subsidiaries;
- prolongation of the company's life;
- share capital augmentation;
- reduction of the share capital or replenishment thereof by issuing new shares;
- merger with other companies or division of the company;
- anticipated dissolution of the company;
- conversion of the shares from one category into another;
- conversion of a category of bonds into another category or into shares;
- bond issuance;
- change of nominal value and number of shares;
- decides upon the contracting of medium and long-term bank loans, including external ones; establishes the competencies and level for contracting the current bank loans, trade loans, as well as the level of the guarantees;
- decides upon the participation, according to the law, to the establishment of new legal persons or in the association with other legal or natural persons in the country or abroad, except for the non-profit organizations established under the law, for which the competence to approve the accession/withdrawal of companies from the capacity of member belongs to the Board of Directors.
- decides on what market the securities issued by the company are to be traded and chooses the authorized independent registrar that manages the registers of the shares issued by the company;
- any other amendment of the Articles of Incorporation or any other decision for which the approval of the Extraordinary General Meeting of Shareholders is asked.

### **The Board of Directors**

The company is administered in a unitary system by a Board of Directors made of 7 administrators, appointed by the Ordinary General Meeting of Shareholding for a period of 4 years, with the possibility of re-election for further periods of 4 years. The administrators can act as shareholders. For the appointment of an administrator to be legally valid, the person appointed must expressly accept it. The identification data of the administrators are being registered at the Trade Register Office as per the legal provisions.

The Board of Directors is ruled by a Chairman. The Chairman is elected by the Board of Directors, among its members. The removal from office of the chairman is also attribute of the Board of Directors. The decision regarding the appointment or revocation thereof is being made with the majority vote of the members of the Board of Directors.

The President of the BoD of the company cannot be the Director General of the same.

The Board of Directors usually meets at the company's headquarters or any place of business of the company or in any place disclosed in the convening notice. Operational meetings of the Board of Directors may be organized by means of remote communication meeting the technical conditions necessary for the identification of the participants, their effective participation to the meetings of the Board of Directors and the retransmission of the deliberations on a continuous basis (via e-mail, telephone, video call or other communication equipment), whenever necessary, but at least every 3 months, at the call of the President or at the reasoned request of 2 of its members or of the Director General/Directors. In this case, the Agenda is being established by the authors of the request. The Chairman must act on such a request.

The Board of Directors cannot decide upon certain issues that are not included in the Agenda, except for the emergencies. To decide on emergency, the absent members will be consulted upon, by various means of distance communication. The Chairman shall decide upon the urgency of the problems. The Board operates under its own rules and regulations in force.

For the validity of resolutions, the presence (directly or by proxy) of at least five council members is required and decisions are taken by majority vote of the members present. The chairman of the Board will have a casting vote in case of equal votes. The "Abstention" position adopted by an administrator regarding the items included on the agenda of the general meeting of shareholders is not deemed expressed vote.

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

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

The Agenda is set by the President. The call, the agenda and the meeting materials will be sent to the administrators in sufficient time before the date of the meeting; the deadline can be established by the own regulation of the Board of Directors. The minutes of the meeting shall be comprised in a Journal of the BoD Meetings and Deliberations, by courtesy of the Chairman of the Board.

The minutes of the meeting shall be drawn up by technical editing by the BoD Secretariat and shall comprise the name of the participants, the order of the deliberations, the decisions made, the number of votes cast and separate opinions. This will be signed by the Chairman of the Board of Directors, the BoD members. (only those who participate directly in the meeting; they may also have a mandate of representation given by another administrator) and by the BoD Secretariat and will be attached by gluing it to the Journal of the Meetings and BoD Deliberations of the Board of Directors. The decisions of the Board of Directors and the protocols of the meetings will be sent by email to the administrators.

The minutes contain the names of participants, policy deliberations, decisions, number of votes and dissenting opinions. It is signed by the Chairman of the Board and the other administrators as well as by the BoD secretariat, being entered in the registry of meetings and deliberations of the Board of directors. The BoD Secretariat is being provided from among the personnel within the BoD and GMS Secretariat.

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 energy, banking, investment, capital market analysis, legal fields.

The company administration was performed in 2023, as follows:

By the OGMS Resolution no. 7/ 14.12.2022 the extension was approved, based on the provisions of art. 64<sup>1</sup> para. (5) from GEO no. 109/ 2011 regarding the corporate governance of public enterprises, the duration of the mandate contracts of the Company's provisional administrators, as follows: Mr. Gheorghe Cristian - Florin, Mr. Albulescu Mihai - Adrian, Mr. Buică Nicușor-Marian, Mrs. Kohalmi - Szabo Luminița - Doina, Ms. Tănăsică Oana - Cristina, Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai.

Pursuant to the OGMS Resolution no. 1/17.02.2023, were appointed as provisional administrators of the company CONPET S.A: Mr. Gheorghe Cristian - Florin, Mr. Buică Nicușor- Marian, Ms. Kohalmi - Szabo Luminița - Doina, Ms. Tănăsică Oana - Cristina, Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai, Ms. Barbu Irina – Mihaela, for the period 22.02.2023 - 21.06.2023 (inclusive of).

By the OGMS Resolution no. 3/ 21.06.2023 the extension was approved, based on the provisions of art. 64<sup>1</sup> para. (5) from GEO no. 109/ 2011 regarding the corporate governance of public enterprises, the duration of the mandate contracts of the Company's provisional administrators, appointed by the OGMS Resolution dated 17.02.2023 (Mr. Gheorghe Cristian - Florin, Mr. Buică Nicușor – Marian, Mrs. Kohalmi– Szabo Luminița– Doina, Mrs. Tănăsică Oana– Cristina, Mr. Gavrilă Florin – Daniel, Zaman Andrei – Mihai, Ms. Barbu Irina - Mihaela), with a period of 2 months, respectively starting with 22.06.2023 until 21.08.2023 (inclusive of), or until the completion of the selection procedure provided for in the GEO no. 109/2011.

By the OGMS Resolution no. 4/18.08.2023, following the pursuit of the selection procedure, have been approved the Company administrators, with a term of office of 4 years, as of 22.08.2023 until 21.08.2027 (inclusive of), in accordance with the provisions of GEO no. 109/2011, via the cumulative vote method, respectively the following persons: Mr. Gheorghe Cristian - Florin, Mr. Buică Nicușor- Marian, Ms. Kohalmi - Szabo Luminița - Doina, Ms. Tănăsică Oana - Cristina, Mr. Gavrilă Florin - Daniel, Mr. Zaman Andrei - Mihai, Mr. Dănilă Alin - Mihael.

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/guvernanta-corporativa/consiliul-de-administratie/>.

During 2023, the members of the Board of Directors did not hold 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 Risk Management Committee;
- *The Committee for Development and Relation with the Investors and Authorities.*

## **Composition of the Consultative Committee**

On December 31, 2023 the composition of the Consultative Committee is the following:

The Nomination and Remuneration Committee is made out of 5 independent, non-executive administrators: Zaman Andrei - Mihai - President: members: Gheorghe Cristian – Florin, Tănăsică Oana - Cristina, Dănilă Alin - Mihael, Kohalmi - Szabo Luminița - Doina.

The Audit Committee is made out of 3 non-executive, independent administrators: Gavrilă Florin - Daniel - President; members: Buică Nicușor - Marian, Gheorghe Cristian – Florin.

The Risk Management Committee is made out of 3 non-executive, independent administrators: Kohalmi - Szabo Luminița - Doina - President; members: Dănilă Alin - Mihael, Buică Nicușor – Marian.

The Committee for Development and Relation with the Investors and Authorities is made up of 3 non-executive independent administrators: Tănăsică Oana - Cristina - President; Members: Gavrilă Florin- Daniel, Zaman Andrei - Mihai.

The terms of reference and duties of the Board of Directors and of the Consultative Committees may be consulted at the web pages: <https://www.conpet.ro/wp-content/uploads/2015/10/Regulament-de-Organizare-si-Functionare-al-Consiliului-de-Administratie11.pdf> for the Board of Directors, respectively <https://www.conpet.ro/wp-content/uploads/2015/10/Regulament-de-Organizare-si-Functionare-Comitete-Consultative2.pdf> for the Consultative Committees established at the BoD level.

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

## **The Summary of the Activities performed in 2023**

In 2023, the Board of Directors held 42 meetings. The Consultative Committees also held 32 meetings, as follows: 20 Nomination and Remuneration Committee meetings, 8 Audit Committee meetings, 1 Risk Management Committee meeting and 3 meetings of the Committee for Development and Relation with the Investors and Authorities.

The meetings of the Board of Directors took place according to the agenda sent to the administrators, the main decisions made having as object the followings:

- endorsement of the Revenues and Expenditure Budget 2023 and the estimates for the period 2024 – 2025 and submission for approval by the OGMS;
- endorsement of 2023 Investments Program and estimates of the Investment Expenditures for 2024 and 2025 and submission for approval by the OGMS;
- approval of the revision of the Investment program for 2023 and estimates for the years 2024 and 2025, within the same values;
- approval of 2024 annual procurement program and of the amendments/modifications made thereto;
- analysis of the company's business presented by the executive management in the monthly reports;
- periodical analysis of the physical and value-related implementation of 2023 Investments Program;
- analysis and endorsement/approval of the Consultative Committees Reports, as appropriate;
- approval of the Convening Notices of the General Meeting of Shareholders and endorsement of the materials related to their Agenda;
- monitoring the means to carry-out/status of implementation of the measures ordered by the BoD Decisions;
- approval of the results of the annual inventory of the elements similar to assets, liabilities and equities, related to the company's patrimony;
- endorsement of the annual inventory results of the elements similar to assets related to public and private domain of the State;
- approval of the Internal Regulation of CONPET S.A.;
- approval of Current Repairs Program for 2023;
- approval of sponsorship requests and periodical monitoring of sponsorship contracts concluded by the company;
- approval of the Accounting Policies Manual of the company CONPET S.A., revised;
- approval of the preliminary report of the administrators for the period January - December 2022;
- endorsement of the financial statements at the date and for the financial year concluded on 31.12.2022;
- approval of the Annual Report of the company's administrators for the financial year ended 31.12.2022, report presented in the OGMS;
- endorsement by the OGMS of the proposal of the executive management on the allocation of the net profit related to 2022 financial year, reinstated with the provision for the employees share of profit and the distribution of certain amounts from retained earnings and other reserves, the settlement of the gross dividend per share, settlement of the registration date and determination of the date of payment of dividends to the shareholders;

- endorsement of the proposal to the OGMS regarding the discharge of administration of the administrators for the activity of 2022;
- approval of the Activity Report of the Directors with mandate contracts for the period ended 31.12.2022;
- approval of the Report of directors with mandate contract regarding the monitoring of the framing of their financial and non-financial key performance indicators (KPIs) for 2022 within the limits approved by the Board of Directors;
- Submission for the O.G.M.S. approval, of the Board of Directors' Report regarding the administration activity of 2022, drafted in accordance with the provisions of art. 55 of GEO no. 109/2011 *on the corporate governance of the public enterprises* and with the provisions of the mandate contract.
- approval of the report of the Nomination and Remuneration Committee on the evaluation of the company's administrators activity in 2022;
- Endorsement of the annual Report prepared by directors with mandate contract regarding the total degree of achievement of the financial and non-financial key performance indicators (KPIs) for 2022 for the company's administrators;
- endorsement of the Report of the Board of Directors for the monitoring of the framing of the key performance indicators (KPIs) of the administrators for 2022 within the limits approved by the OGMS;
- endorsement of the Annual Report of the Nomination and Remuneration Committee to the OGMS related to the remunerations and other benefits awarded to the administrators and the directors with mandate contract during 2022 financial year (Remuneration Report);
- approval of the Annual report of the Audit Committee regarding 2022 financial year;
- the request regarding the updating of the Company's Articles of incorporation and the presentation of proposals for its amendment;
- Endorsement of the Draft amendment to the Articles of incorporation of the CONPET S.A. Company, proposal to the EGMS;
- Approval of the anti-bribery policy of CONPET S.A. - updated March 2023;
- approval of the proposals regarding the opportunity to maintain CONPET S.A. capacity as a contributing member to the Non-governmental organizations where the company is operating;
- monitoring the activities and actions carried out monthly by the non - governmental organizations in which CONPET SA is a member;
- approval of the 2023 annual Procurement Program - periodic changes/revisions;
- Approval/endorsement of the decommissioning proposals, carried out on the occasion of the 2022 annual inventory and the methods of capitalizing them, proposed by the analysis and endorsement commission established at the company level;
- approval/endorsement of the ways of capitalizing on decommissioned assets belonging to the private domain of the state/the company's patrimony;
- approval of the criteria to distribute and award the amounts paid as employees share of profit related to 2022;
- approval of the rectified Revenues and Expenditure Budget for 2023 (Annexes 1, 2 and 5);

- approval of the Quarterly Report of Directors with mandate contract on the activity, in accordance with the provisions of GEO no.109/2011 *on the corporate governance of public enterprises* and the provisions of the contract of mandate;
- approval of the Quarterly report on the economic and financial activity of CONPET S.A. accompanied by the financial statements prepared in compliance with the Ministry of Public Finance Order no. 2844/2016 and the International Accountancy Standard 34“*Interim financial reporting*”.
- analysis of the Quarterly Reports on the Monitoring of Financial and Non-Financial Key Performance Indicators and their total degree of achievement in relation to the administrators and Directors with a mandate contract;
- setting the composition of the Consultative Committees set up at the level of the Board of Directors;
- approval of the Report regarding the status of the sponsorships granted by CONPET S.A. in the year 2022;
- approval of the update of the Organizational and Operational Rules and Regulation of the BoD and the Organizational and Operational Bylaws of the Consultative Committees, as a result of the appointment of the administrators and settlement of the composition of the Consultative Committees;
- endorsement of the proposal to the OGMS to extend the duration of the mandate contracts of the company's provisional administrators;
- endorsement of the mandate contract to the OGMS regarding provisional administrators;
- endorsement and submission for approval to the OGMS of the Addendum to the mandate contracts of the provisional administrators having as object the extension of their mandate duration;
- endorsement of the proposal to the OGMS regarding setting the monthly fixed gross allowance of the provisional administrators;
- appointing a provisional Deputy Director General, establishing his fixed allowance and approving the conclusion of the mandate contract;
- approving the extension of the mandate of the provisional Deputy Director General and approving the conclusion of an Addendum to the mandate contract;
- approving the extension of the mandate of the provisional Economic Director and approving the conclusion of an Addendum to the mandate contract;
- appointing a provisional Economic Director, establishing his fixed allowance and approving the conclusion of the mandate contract;
- appointment of one of the BoD's member in the capacity of Chairman of the Board of Directors of CONPET S.A., following the settlement of the composition of the BoD;
- approving the conclusion of the Addendum to the mandate contract of the Director General, having as its scope the modification of the duration of the mandate contract in the sense of its reduction;
- approving the initiation of the selection procedure for directors with a mandate contract (the Director General, the Deputy Director General and the Financial Director - also called the Economic Director);
- entrusting the Nomination and Remuneration Committee within the Board of Directors to run the selection procedure of the directors with mandate contract;

- approving the purchase of the services of an independent expert to provide specialized assistance to the Nomination and Remuneration Committee in the selection procedure of the Directors with a mandate contract;
- establishing the calendar of the selection procedure for the Directors with a mandate contract for a period of 4 years (Director General, Deputy General Director and Financial Director);
- approving the criteria and conditions for the evaluation and selection of Directors with a mandate contract, respectively Annex I;  
approving the Announcement of the selection of Directors with a mandate contract, respectively Annex II, with the necessary publicity provided by the applicable legislation;
- approving the Candidate Matrix/Evaluation Grid for the selection of Directors with a mandate contract and establishing the weights in the final grade;
- approval of the administration component of the Administration Plan for the period August 2023 - August 2027;
- appointment in the capacity of Director General of CONPET S.A., with a 4-year mandate;
- appointment as Deputy Director General of CONPET S.A., with a 4-year mandate;
- appointment in the capacity of Economic Director of CONPET S.A., with a 4-year mandate;
- Approval of the contracts of mandate of the Director General, Deputy Director General and Economic Director;
- approval of the modification of the organizational structure of CONPET S.A. (starting with 24.10.2023);
- approval to maintain the delegation of powers to the Director General on the approval of the new Staff Establishment in accordance with the new organizational chart, as well as the subsequent amendments thereof, framing within the number of existing job titles;
- approval of the Director General's participation to certain events/conferences and of the travel reports;
- analysis of the notification on the monitoring of the performance of the internal/management control system and risks management within CONPET in 2022;
- approval of the Code of Ethics and Integrity of CONPET S.A.- October 2023;
- Endorsement of the fulfillment of the statute of limitation of the shareholders to the dividends related to 2019 financial year and submission of the proposal for the OGMS approval;
- approval of the initiation of the procedure for recruitment and selection of the Deputy Director General 3 (DGA3), carried out in compliance with the provisions of GEO no. 109/2011 on corporate governance of the public enterprises, subsequent amendments and additions, and the transformation of the DGA3 position from Director with individual labor agreement into Director with mandate contract, from the date of completion of the procedure;
- Granting mandate to the Nomination and Remuneration Committee within the Board of Directors to carry out the recruitment and selection procedure of Deputy Director General 3 and the decision to acquire the services of an independent expert to provide specialized

assistance to the Nomination and Remuneration Committee in the selection procedure of the Deputy Director General 3;

- establishing the calendar of the selection procedure of the Deputy Director General 3, director with a mandate contract for a period of 4 years;
- approval of the selection conditions and criteria of the Deputy Director General 3;
- approving the Announcement of the selection of Deputy Director General 3, Annex II, with the necessary publicity provided by the applicable legislation;
- approving the candidate's matrix/ Evaluation Grid and setting the weights in the final grade for the selection of the Deputy Director General 3;
- approving the management component of the Administration Plan drawn up by the Directors with a mandate contract;
- endorsing the Note to the OGMS having as scope the approval of the financial and non-financial performance indicators of the company CONPET resulting from the Administration Plan;
- endorsing the general limits of the remuneration of Directors with a mandate contract, proposal to the OGMS.;
- approving the entire Administration Plan of the CONPET S.A. Company for the period 2023 – 2027, which includes the financial and non-financial performance indicators resulting from the completion of the negotiations with the tutelary public authority (Ministry of Energy);
- endorsing the Note to OGMS having as object the proposal to approve the financial and non-financial performance indicators, resulting from the Administration Plan, following the completion of their negotiation with the tutelary public Authority (Ministry of Energy);
- Endorsing the Addendum to the mandate contracts of the non-executive administrators, having as scope the financial and non-financial key performance indicators thereof and the gross annual variable component of the remuneration of the non-executive administrators;
- approving the conclusion of an Addendum to the Collective Labor Agreement applicable at the company level;
- approving the updated Organizational and Functioning Rules of the company CONPET S.A.;
- Approving 2024 draft annual Procurement Program;
- Approving the conclusion of a contract with a duration of 4 years, having as scope "Rail transport services of crude oil and rich gas from the loading ramps to the destinations established by CONPET S.A.", respectively with Grup Feroviar Român S.A. Bucureşti;
- approval of the starting price at the auction for recovered pipe approved for capitalization through a outcry auction;
- analysis of the anti-bribery compliance function and the the anti-bribery management system implemented in CONPET S.A.;
- approving the purchase of a land plot in a surface of 4,820 sq.m. and of the 383 m long industrial rail line, located in the area of the Crude Loading Ramp from Suplacu de Barcău and the conclusion of the sale-purchase agreement with OMV Petrom;

- the request to the executive management to present a detailed analysis regarding the implementation of a project for a photo voltaic park with a capacity of 15-40 MW (opportunity, costs, profitability, possibility of accessing European funds, technical requirements, etc.), in order to take a decision by the BoD ;
- Took note of the Information regarding the Development Program of the internal managerial control system for the year 2023;
- Took note of the Information regarding the Integrity Plan adopted at CONPET S.A. level in the application of the National Anti-Corruption Strategy 2021 - 2025;
- Took note of the Revenues and Expenditure Budget Projection for the year 2024 (preliminary version);
- approving the level of the variable component of the remuneration of Directors with a mandate contract, at the level of 12 fixed gross monthly allowances for the Director General, the Deputy Director General and the Economic Director, for each year of mandate, within its general limits, approved by the OGMS Resolution no. 6/19.12.2023;
- Approving the means of calculation and awarding of the variable component of the remuneration of the directors with mandate contract;
- approving the financial and non-financial key performance indicators set for the directors with contract of mandate
- approving the maintenance of the fixed monthly gross allowance of the directors at the level provided for in their mandate contract;
- approving the conclusion of an Addendum no. 1 to the mandate contract of Directors with mandate contract.

### **Directors with contracts of mandate (the Director General, Deputy Director General and Economic Director)**

#### **The Director General**

Mr. Dorin Tudora was appointed by the Decision of the BoD no. 8/ 20.04.2021, in the position of Director General, following the recruitment and selection procedure carried out according to the provisions of the GEO no. 109/ 2011, with a mandate of 4 years, respectively for the period 21.04.2021 – 20.04.2025. By Decision no. 23/ 22.08.2023, the Board of Directors approved the conclusion of Addendum no. 3 to the Mandate Contract no. 2/ 21.04.2021 of the Director General, having as scope the modification of the duration of the mandate contract in the sense of reducing it, the period of the mandate to be until 06.11.2023 (inclusive) or until the completion of the selection procedure of the Director General, if this takes place earlier than 06.11.2023 (the effective termination of the mandate took place on 20.10.2023, following the completion of the selection procedure for directors with a mandate contract).

Following the performance of the procedure for recruitment and selection of the Director General, Deputy Director General and Economic Director, in compliance with the provisions of GEO no. 109/2011 on the corporate governance of the public enterprises, the Board of Directors appointed Mr. Dorin Tudora in the capacity of Director General for a 4 years' mandate, starting 20.10.2023 until 19.10.2027, delegating to him the management of the company in accordance with the legal provisions in force, the Articles of Incorporation and the contract of mandate.

### **The Deputy Director General**

Ms. Mihaela - Anamaria Dumitrache was appointed, by the Decision of the BoD no. 5/18.02.2019, in the capacity of Deputy Director General (DGA), following the run of the procedure for the recruitment and selection of the Deputy Director General as per the provisions of the GEO no. 109/ 2011, with a mandate of 4 years, respectively for the period 18.02.2019 – 17.02.2023. Pursuant to the BoD decision no. 3/ 14.02.2023, the Board of Directors appointed Ms. Mihaela – Anamaria Dumitrache in the position of provisional Deputy Director General, with a mandate of 4 months, respectively the period 18.02.2023 – 18.06.2023 (inclusive), later extended by 2 months, respectively the period 19.06.2023 – 19.08.2023, according to the Decision of the BoD no. 16/ 14.06.2023.

Pursuant to the BoD decision no. 21/ 09.08.2023, the Board of Directors appointed Ms. Mihaela - Anamaria Dumitrache in the position of provisional Deputy Director General, with a mandate of 4 months, respectively the period 20.08.2023 - 20.12.2023 (the effective termination of the mandate took place on 20.10.2023, following the completion of the selection procedure of directors with mandate contract).

Following the performance of the procedure for recruitment and selection of the Director General, Deputy Director General and Economic Director, performed in compliance with the provisions of GEO no. 109/2011 on the corporate governance of the public enterprises, pursuant to the BoD Decision no. 31/ 19.10.2023, the Board of Directors appointed Ms. Mihaela - Anamaria Dumitrache in the capacity of Deputy Director General for a 4 years' mandate, starting 20.10.2023 until 19.10.2027, delegating to her the management of the company in accordance with the legal provisions in force, the Articles of Incorporation and the contract of mandate.

### **The Economic Director**

Ms. Sanda Toader was appointed, by the BoD Decision no. 23/ 28.10.2022, in the position of provisional Economic Director, with a mandate of 4 months, respectively the period 07.11.2022 – 07.03.2023, later extended by 2 months, respectively the period 08.03.2023 – 08.05.2023, according to the Decision of the BoD no. 8/ 07.03.2023. Pursuant to the BoD decision no. 13/ 05.05.2023, the BoD appointed as Ms. Sanda Toader in the capacity of provisional Economic Director, with a mandate of 4 months, respectively the period 09.05.2023 – 09.09.2023, later extended by 2 months, respectively the period 10.09.2023 – 10.11.2023, according to the Decision of the BoD no. 26/ 05.09.2023 (the effective termination of the mandate took place on 20.10.2023, following the completion of the selection procedure of directors with a mandate contract).

Following the performance of the procedure for recruitment and selection of the Director General, Deputy Director General and Economic Director, performed in compliance with the provisions of GEO no. 109/2011 on the corporate governance of the public enterprises, pursuant to the BoD Decision no. 31/ 19.10.2023, the Board of Directors appointed Ms. Sanda Toader in the capacity of Economic Director for a 4 years' mandate, starting 20.10.2023 until 19.10.2027, delegating to her the management of the company in accordance with the legal provisions in force, the Articles of Incorporation and the contract of mandate.

Directors with mandate contracts have the powers laid down in the Articles of Incorporation and in the contracts of mandate, supplemented by the applicable legal provisions.

The Director General of the company has the attributions specified in the contract of mandate, supplemented by provisions of the Articles of Incorporation, the Rules of Organization and Functioning, supplemented with the applicable legal provisions.

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

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

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

The Deputy Director General and the Economic Director have the attributions specified in the contract of mandate, supplemented by the provisions of the Articles of Incorporation, the Rules of Organization and Functioning of the Company, in accordance with applicable legal provisions.

## **The Remuneration Policy**

The remuneration policy of the administrators and directors with contract of mandate, which also includes the remuneration criteria thereof, was approved by the OGMS Resolution no. 1/28.04.2021 and is posted on the company's web page.

After the completion of the selection procedure for the members of the BoD and Directors in 2023, the Board of Directors endorsed the Remuneration Policy for administrators and directors with a mandate contract, which will be submitted for approval to the General Meeting of Shareholders.

- The Board of Directors**

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

### **1. Monthly gross fixed allowance**

In 2023, the administrators of Conpet S.A. carried out their activity based on mandate contracts whose form and content were approved by the General Meeting of Shareholders.

#### *The remuneration of the provisionally appointed administrators*

According to the OGMS Resolution no.5 dated 20.09.2022 the members of the Board of Directors have monthly fixed gross allowance equal to 1.36 times the average for the last 12 months of the average gross salary per month for the work done according to the core business recorded by

the Company, at class level according to the classification of the national economy, announced by the National Institute of Statistics, prior to the appointment.

*The remuneration of the administrators appointed for a period of 4 years starting with 22.08.2023 and until 21.08.2027(inclusive).*

The remuneration of the administrators consists of a monthly fixed allowance and a variable component.

### **The Gross Fixed Allowance**

According to the OGMS Resolution no.4 dated 18.08.2023, the members of the Board of Directors have monthly fixed gross allowance equal to twice the average for the last 12 months of the average gross salary per month for work done according to the core business recorded by the Company, at class level according to the classification of the national economy, announced by the National Institute of Statistics, prior to the appointment.

The gross fixed allowance due to the members of the Board of Directors for the period 01.01.2023 – 31.12.2023 was 1,367,870 RON.

### **The variable component**

According to Article 37 Para 2 of GEO no. 109/2011 the variable component is determined based on financial and non-financial performance indicators negotiated and approved by the General Meeting of Shareholders.

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

The administrators with mandate contracts for a period of 4 years (22.08.2018-21.08.2022), contracts concluded as a result of the selection procedure according to GEO no. 109/2011, received in 2023 a remuneration representing a variable component related to the mandate period 01.01-21.08.2022.

The total gross variable component related to the mandate period in 2022 was granted after approval by the OGMS of the total degree of fulfillment (103.4%) of the financial and non-financial key performance indicators for the year 2022, within the limits approved by the OGMS. The total gross amount of the variable component was 599,850 RON.

The contracts of the provisional administrators do not contain financial and non-financial key performance indicators and, as a result, the provisional administrators do not benefit from a variable component for the period in which they exercised their mandate.

The administrators appointed for a 4-year term, starting on August 22, 2023, as a result of the selection through the run of the selection procedure based on GEO. no. 109/2011 benefits from a variable component. The financial statements of 2023 include provisions representing variable component for the non-executive administrators, in the amount of 647,462 RON, due for the

period 22.08.2023-31.12.2023, which will be paid after the approval of the 2023 financial statements in relation to the total degree of fulfillment of the key performance indicators.

### **The Directors with mandate contracts**

#### **The Director General**

For the period 01.01.2023 – 19.10.2023, the Board of Directors has settled the monthly fixed gross allowance of the Director General, for the execution of the entrusted mandate for the period 21.04.2021 – 06.11.2023, in amount of 53,160 RON, respectively 6 times the average on the last twelve months of the monthly gross average earnings for the activity performed as per the core business registered by the company, at level of class as per the classification of the activities in the national economy, communicated by the National Institute of Statistics prior to the appointment. The mandate contract ended on 20.10.2023 according to the Decision of the Board of Directors.

For the period 20.10.2023 – 31.12.2023, the Board of Directors has settled the monthly fixed gross allowance of the Director General for the execution of the entrusted mandate for a period of 4 years (20.10.2023 – 19.10.2027), in amount of 66,636 RON, respectively 6 times the average on the last twelve months of the monthly gross average earnings for the activity performed as per the core business registered by the company, at level of class as per the classification of the activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

The gross fixed allowance granted to the Director General of CONPET SA between 01.01.2023–31.12.2023 was **669,772 RON**.

The gross variable component related to 2022 and paid in April 2023 to the Director General was in amount of **637,920 RON**.

#### **The Deputy Director General**

For the period 01.01.2023 – 17.02.2023, the Board of Directors has settled the monthly fixed gross allowance of the Deputy Director General for the execution of the entrusted mandate for a period of 4 years (18.02.2019 – 17.02.2023), in amount of 35,290 RON, respectively 5 times the average on the last twelve months of the monthly gross average earnings for the activity performed as per the core business registered by the company, at level of class as per the classification of the activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

For the period 18.02.2023 – 19.08.2023, the Board of Directors has settled the monthly fixed gross allowance of the provisional Deputy Director General for the execution of the entrusted mandate for a period of 4 months (18.02.2023 – 18.06.2023) and extended for a period of 2 months (19.06.2023 – 19.08.2023), in amount of 50,072.5 RON, namely 5 times the average on the last twelve months of the monthly gross average earnings for the activity performed as per the core business registered by the company, at level of class as per the classification of the

activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

For the period 20.08.2023 – 19.10.2023, the Board of Directors has settled the monthly fixed gross allowance of the provisional Deputy Director General for the execution of the entrusted mandate for a period of 4 months (20.08.2023 – 20.12.2023), in amount of 53,495 RON, namely 5 times the average on the last twelve months of the gross monthly average earnings for the activity performed as per the core business registered by the company, at level of class as per the classification of the activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

For the period 20.10.2023 – 31.12.2023, the Board of Directors has settled the monthly fixed gross allowance of the Deputy Director General for the execution of the entrusted mandate for a period of 4 years (20.10.2023 – 19.10.2027), in amount of 55,530 RON, namely 5 times the average on the last twelve months of the monthly gross average earnings for the activity performed as per the core business registered by the company, at level of class as per the classification of the activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

The gross fixed allowance granted to the Deputy Director General of CONPET SA between 01.01.2023– 31.12.2023 was **596,376 RON**.

The gross variable component related to 2022 and paid in 2023 to the Deputy Director General was in amount of **423,480 RON**.

### **The Economic Director**

For the period 01.01.2023 – 08.05.2023, the Board of Directors established the gross fixed monthly allowance of the provisional Economic Director for the execution of the entrusted mandate for a period of 4 months (07.11.2022 – 07.03.2023) and extended for a period of 2 months ( 08.03.2023 – 08.05.2023), respectively 48,649 RON, i.e. 5 times the average over the last 12 months of the average gross salary for the activity carried out according to the main object of activity fully registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

For the period 09.05.2023 – 19.10.2023, the Board of Directors established the gross monthly fixed allowance of the provisional Economic Director for the execution of the entrusted mandate for a period of 4 months (09.05.2023 – 09.09.2023) and extended for a period of 2 months ( 10.09.2023 – 10.11.2023), respectively 51,005 RON, i.e. 5 times the average over the last 12 months of the average gross salary for the activity carried out according to the main object of activity fully registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

For the period 20.10.2023 – 31.12.2023, the Board of Directors established the gross monthly fixed allowance of the Economic Director for the execution of the entrusted mandate for a period of 4 years (20.10.2023 – 19.10.2027), respectively 55,530 RON, i.e. 5 times the average on the last 12 months of the average gross salary for the activity carried out according to the main object of activity fully registered by the company, at class level according to the classification of activities in the national economy, communicated by the National Institute of Statistics prior to the appointment.

The gross fixed allowance granted to the Economic Director of CONPET SA between 01.01.2023– 31.12.2023 inclusive of was **612,797 RON**.

The gross variable component related to 2022 and paid in 2023 to the Economic Director was in amount of **343,215 RON**.

The total gross fixed remuneration due to directors with a mandate for the period 01.01.2023 – 31.12.2023 was **1,878,945 RON**.

In the meeting of 23.03.2023, the Board of Directors approved the total degree of fulfillment (106.3%) of the Directors' financial and non-financial key performance indicators (KPIs) for the year 2022 and the granting of the variable component due to the directors for the term of office exercised in 2022, in accordance with the provisions of the mandate contracts and within the limits approved by the GMS.

The payment of the variable component was made by the observance of the conditions mentioned in the contracts of mandate, respectively after the approval of the annual financial statements by the OGMS and the report of the nomination and remuneration committee, which included also the total degree of achievement of the mandate directors' KPI's.

The total gross variable component related to 2022, paid in April 2023 was in amount of 1,404,615 RON.

The variable component related to 2023 shall be paid following the approval of the financial statements, according to the degree of achievement of the key performance indicators.

The financial statements of 2023 include provisions representing variable allowances for mandate contracts for directors with mandate contracts, in the amount of 990,504 RON and will be paid after the approval of the financial statements in relation to the total degree of fulfillment of the key performance indicators.

### **Status of achieving the Key Performance Indicators for 2023**

The **Total Degree of achievement of the performance indicators (GT<sub>ICP</sub>)** is the amount of the degree of achievement of every KPI (G<sub>I</sub><sub>CP</sub>) weighted by the weighting coefficient (W<sub>I</sub><sub>CP</sub>) related to every KPI.

The calculation formula is the following:

$$GT_{ICP} = \sum_{i=1}^n GI_{iICP} \times W_{iICP}$$

where:

$GT_{ICP}$  = Total annual degree of achievement of the KPIs

$W_{ICP}$  = Weighting Coefficient (weight) for every KPIs

$GI_{ICP}$  = Degree of achievement of the individual KPIs

The degree of achievement of every KPI ( $GI_{ICP}$ ) is the degree of achievement of every KPI, considering the means of calculation provided at every KPI, subsequently weighted by the weighting coefficient ( $W_i$  ICP) related to each KPI.

**The variable component** of the remuneration due to the administrators will be directly proportional to the

$GT_{ICP}$  for the corresponding financial year or part of the corresponding financial year and is being awarded as follows:

In the event that:

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

- **Financial and non-financial Key performance indicators for 2023 approved for the administrators of the company**

According to the OGMS Resolution no. 6/19.12.2023 the financial and non-financial performance indicators of the company's administrators were approved (KPIs), for the period 2023-2027, which will be used for determining and granting the variable remuneration component of administrators during the execution of the contract of mandate.

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

Nr. crt.	Performance indicator	Performance Objective	MU	(Period 01.01.-31.12.2023)		Degree of achievement KPI (%)	KPI weights for setting the remuneration	Degree of achievement weighed KPI
				Approved target values	Achieved values			
<b>A. FINANCIAL KEY PERFORMANCE INDICATORS: 20%</b>								
1.	Investment achievement	Achievement of at least 75% of the Annual Investment Plan financed from the modernization quota	%	≥75%	123.2%	100.0%	3.0%	3.0%
2.	Current liquidity	Ensuring the ability to pay current liabilities from current assets		≥1	1.9	100.0%	3.0%	3.0%
3.	Asset turnover rate	Ensuring the efficiency of asset management		≥0.5	0.6	100.0%	3.0%	3.0%
4.	Return on equity (ROE)	Maintaining a return on equity greater than 5%	%	≥5%	8.4%	168.7%	3.0%	5.1%
5.	Rate of dividend distribution from the net profit of the year	Maintaining a sustainable dividend policy	%	≥65%	90.7%	100.0%	5.0%	5.0%
6.	Total expenses per 1000 RON total income	Maintaining the level assumed through the annual Budget	lei	899	867	103.6%	3.0%	3.1%
<b>B. NON-FINANCIAL KEY PERFORMANCE INDICATORS: 80%</b>								
<b>B1. OPERATIONAL KEY PERFORMANCE INDICATORS: 20%</b>								
7.	Monitoring the annual average specific consumption of electricity for technological purposes	Maintaining the annual average of the specific technological consumption of electricity at a level of max. 3.2 KWh/ton	Kwh/ton	Max 3,2 Kwh/ton	3.2	2.3	100.0%	10.0%
8.	Ensuring NTS maintenance	Completion of at least 90% of the annual planned technical revisions program	%	≥ 90%	90.0%	100.0%	100.0%	10.0%
<b>B2. GOVERNANCE KEY PERFORMANCE INDICATORS: 50%</b>								
9.	Number of BoD meetings helds throughout the year	At least one meeting of the BoD per month (in correlation with the period of mandate)	no. of meetings	100%	5	20	100.0%	15.0%
10.	Duly reporting of the degree of achievement of the performance indicators of the company	Framing within the legal reporting deadlines	%	100%	100.0%	100.0%	20.0%	20.0%
11.	Carrying out the actions provided for in the development program of the internal managerial control system	The development of the internal managerial control system implemented in accordance with the legal requirements in force	%	≥ 90%	90.0%	100.0%	100.0%	15.0%
<b>B3. KEY PERFORMANCE INDICATORS ORIENTED TOWARDS PUBLIC SERVICES: 10%</b>								
12.	Crude oil and derivatives transport related customer satisfaction score (number of responses rated with 4 and 5 in total number of customer responses)	Crude oil and derivatives transport related customer satisfaction score (number of responses rated with 4 and 5 in total number of customer responses at least 90%)	%	≥ 90%	90.0%	100.0%	100.0%	10.0%
<b>Total degree of achievement of the key performance indicators</b>								<b>102.2%</b>

Table 33 - 2023 Key performance indicators

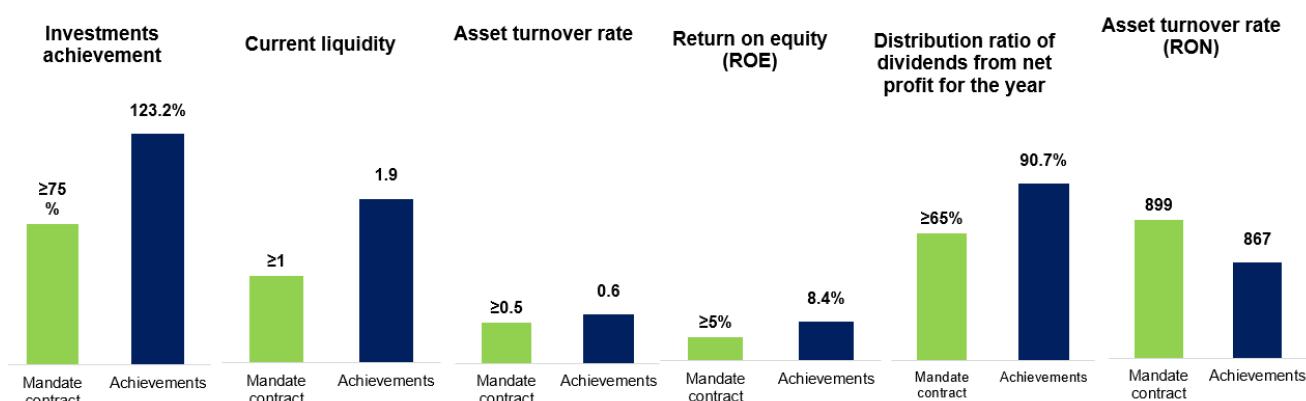


Chart 22 - Key financial performance indicators

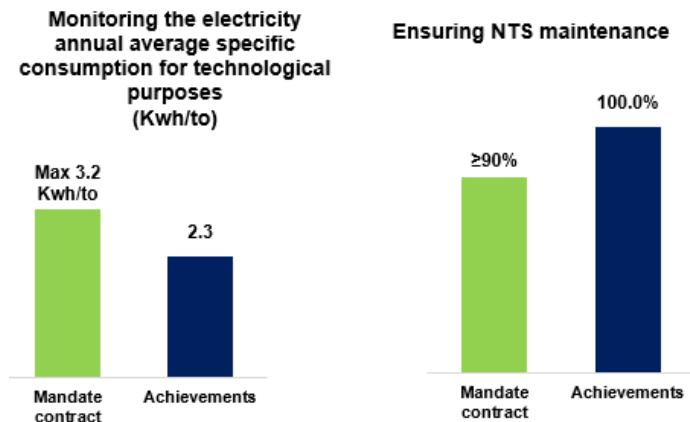


Chart 23- Operational non-financial Key Performance Indicators

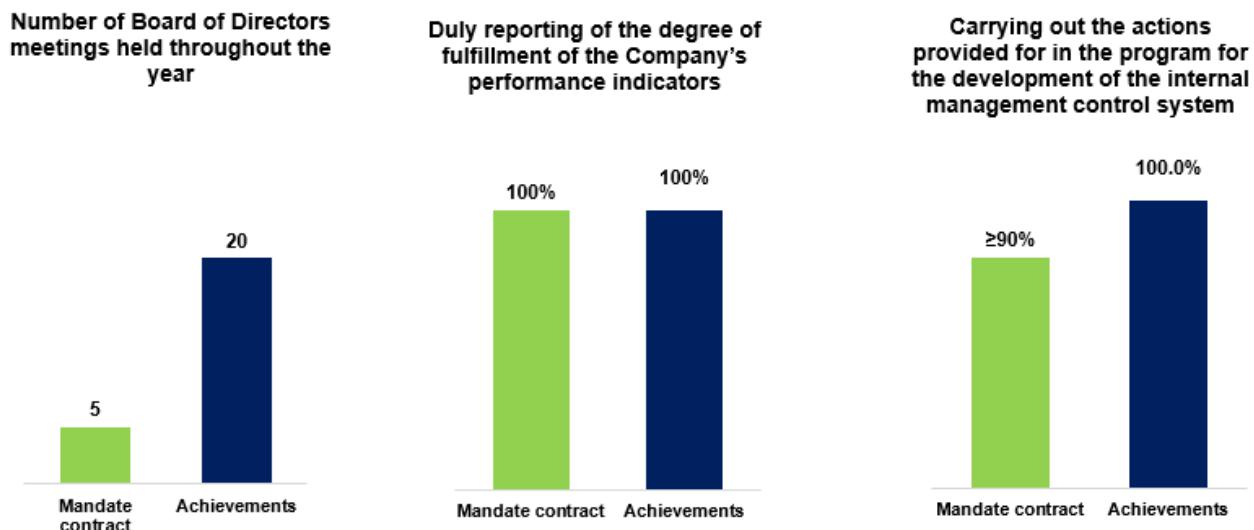


Chart 24 - Key non-financial governance performance indicators



Chart 25- Non-financial key performance indicators oriented towards public services

For the year 2023, the total degree of achievement of the financial and non-financial key performance indicators for the administrators is **102.2 %**.

- **The Financial and non-financial key performance indicators for 2023 set for the directors with contract of mandate**

#### **Key performance indicators - mandate period 01.01.2023 – 19.10.2023**

The total degree of fulfillment of the key performance indicators underlying the variable component granting, for the period 01.01-19.10.2023, included in the mandate contracts of the directors is 105.4%.

In structure, the degree of achievement of the performance indicators reveals the following:

Key Performance Indicators	Degree of achievement of key performance indicators 2023		
	Mandate Contract	Achieved	Variation
<b>A. Financial key performance indicators</b>	<b>50.0%</b>	<b>54.7%</b>	<b>+4.7 p.p.</b>
<b>B. Non-financial key performance indicators</b>	<b>50.0%</b>	<b>50.7%</b>	<b>+0.7 p.p.</b>
B1. Operational	30.0%	30.7%	+0.7 p.p.
B2 of Corporate Governance	20.0%	20.0%	+0.0 p.p.
<b>Total degree of fulfillment of the performance indicators</b>	<b>100.0%</b>	<b>105.4%</b>	<b>+5.4 p.p.</b>

Table 34 - Pursuit of the performance indicators for the administrators during 01.01.2023-19.10.2023

The total degree of fulfillment of the key performance indicators was exceeded by 5.4 p.p., being favorably influenced by the financial key performance indicators by 4.7 p.p. and by non-financial key performance indicators with 0.7 p.p.

#### **Key performance indicators - mandate period 20.10.2023 – 31.12.2023**

The total degree of fulfillment of the key performance indicators that are the basis for granting the variable component, approved by the decision of the BoD no. 42/19.12.2023 for the year 2023, also provided for in the directors' mandate contracts is 106%.

In structure, the degree of achievement of the performance indicators reveals the following:

Key Performance Indicators	Degree of achievement of key performance indicators 2023		
	Mandate Contract	Achieved	Variation
<b>A. Financial key performance indicators</b>	<b>50.0%</b>	<b>56%</b>	<b>+6 p.p.</b>

Key Performance Indicators	Degree of achievement of key performance indicators 2023		
	Mandate Contract	Achieved	Variation
<b>B. Non - financial key performance indicators</b>	<b>50.0%</b>	<b>50.0%</b>	<b>+6.0 p.p.</b>
B1. Operational	20.0%	20.0%	+0.0 p.p.
B2. of Corporate Governance	25.0%	25.0%	+0.0 p.p.
B3. Oriented towards public services	5.0%	5.0%	+0.0 p.p.
<b>Total degree of fulfillment of the performance indicators</b>	<b>100.0%</b>	<b>106%</b>	<b>+6.0 p.p.</b>

Table 35 - The degree of fulfillment of the performance indicators for the mandate period 20.10.2023 – 31.12.2023

The total degree of fulfillment of the key performance indicators was exceeded by 6.0 p.p., being favorably influenced by the financial key performance indicators by 6.0 p.p..

In Annexes 2 and 3 of the Report of the Administrators is presented the calculation of the total degree of fulfillment of the financial and non-financial key performance indicators of directors with contract of mandate.

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

#### **The situation of salary rights for each position and other rights / benefits offered by CONPET S.A.**

The basic salaries within CONPET SA are divided by job groups, respectively by job classes. The job classes are ranked within the company in relation to the level of professional training, the importance of work, the complexity and diversity of activities, the responsibility and impact of decisions, the exposure to risk factors, the difficulty of specific activities, the sphere of relationships.

Nr. crt.	Job Classes	Gross basic salary minimum level - maximum level (RON)
1	Class 1	3.300 – 5.000
2	Class 2	3.430 – 5.250
3	Class 3	3.690 – 5.510
4	Class 4	3.950 – 5.770
5	Class 5	4.220 – 6.030
6	Class 6	4.560 – 6.360
7	Class 7	4.640 – 6.720

8	Class 8	4.560 – 6.360
9	Class 9	4.730 – 7.750
10	Class 10	4.890 – 7.940
11	Class 11	5.150 – 8.190
12	Class 12	5.510 – 10.370
13	Class 13	10.370 – 15.210
14	Class 14	11.050 – 15.900
15	Class 15	18.580 – 25.520
16	Class 16	22.900 – 28.100

Table 36 - Job classes and gross basic salary level

The above classes include the following jobs:

Class 1 – cleaning lady, goods handler, pipeline route operator, security guard;

Class 2 – operator for steam and hot water boilers, fire department aide, telephone operator;

Class 3 – handler, head of Fire Prevention and Extinguishing formation, universal carpenter, tractor operator;

Class 4 – warehouse keeper, pumper, railway shunting chief, forklift operator;

Class 5 – car electrician, maintenance electrician, cathodic protection electrician, central heating plumber, technical and sanitary plumber, energy and transport aggregates locksmith, mechanical locksmith, boiler mechanic locksmith, car mechanic, locomotive mechanic, operator, truck driver, car driver, lorry driver, bricklayer;

Class 6 – electrical equipment electrician, power plant and power station operation electrician, laboratory technician, LDH mechanical locksmith, machinist for earthmoving machines, verifying metrologist, PPPF station manager, fluid products transit operator, crane operator, heavy tonnage truck driver, special vehicle driver, universal metalworker, welder;

Class 7 – dispatcher, RSC/LFI locomotive engineer, head of PSI-RSC/LFI unit, shift leader (modernized station), unit car driver, directorate car driver;

Class 8 – administrative staff (archivist, cashier, administrative clerk, handyman, car operator, classified document inspector, data entry operator, data validation and processing operator, recipient - distributor of materials and tools);

Class 9 – secondary education staff (technicians, foremen, administrative secretary, technical reviewer, maintenance manager, production manager, assistant programmer, accountant, assistant manager, nurse, commercial and administrative activities clerk, ITP inspector);

Class 10 – staff with short-term higher education (engineer, junior engineer, management expert, economist, network administrator, assistant director, assistant manager, communication and image specialist, process improvement specialist, human resources specialist);

Class 11 – squad leader, station manager, warehouse manager, ramp manager, HSEQ officer, dispatcher;

Class 12 – staff with long-term higher education (engineer, economist, internal auditor, network administrator, IT system administrator, assistant manager, chemist, legal advisor, management systems consultant, legal expert, procurement expert, anti-corruption expert, general practitioner, programmer, psychologist, management specialist, automation manager, energy manager, HSEQ manager, investment manager, mechanic manager, maintenance manager, production manager, human resources specialist, communication and image specialist, communication and

media relations, process improvement specialist, public relations specialist, events logistics specialist, OSH specialist, translator);

Class 13 – activity coordinator, director general advisor, site supervisor;

Clasa 14 – department head, specialized squad head, sector head, bureau head;

Clasa 15 – head engineer, regional head, unit head;

Clasa 16 – director.

In the company, benefits of a permanent and temporary nature are granted.

The permanent benefits:

- seniority increase which is determined according to the total accumulated service; the seniority bonus is applied to the gross basic salary and can be 5%, 10%, 15%, 20%, 25% and 30%;
- disability allowance, for employees with a degree of disability, a percentage of 9.5% is applied to the basic gross salary.

The following are temporary benefits:

- the benefit for night shift, is granted in percentage of 30% of the basic gross salary, for the time actually worked;
- the benefit for working on Saturdays and Sundays, a percentage of 25% is given to the basic gross salary, for the time actually worked;
- the increase for working on public holidays is granted at a percentage of 100% of the basic gross salary, for the actual time worked.

Based on the Collective Labor Agreement and within the limits of the provisions of the annually approved Revenue and Expenditure Budget, the company can grant the following rights:

- meal vouchers with a nominal value of 35 RON for each working day;
- birth allowance and/or child adoption allowance (at the level of an average gross profit per company);
- employee death aid (in the amount of five average gross earnings per company); spouse death aid, child death aid, parental death aid (in the amount of an average gross profit per company); in-laws death aid (in the amount of 1,200 RON);
- gifts in money or in kind for the employees' children on Children's Day and the Christmas Holidays, gifts in money or in kind for female employees on the 8<sup>th</sup> of March, gifts in money or in kind, including gift vouchers, for the company's employees for Easter and Christmas, as well as for other events (limits established annually according to the provisions of the Fiscal Code);
- aids for serious or incurable diseases and prostheses;
- the value of the tourist services for treatment and rest carried out in the country and abroad, as well as the transport carried out on leaves of absence (75% of the invoice, but no more than 2,500 RON);
- retirement aid (in the amount of one wage, two wages, three wages or five average gross wages per company, depending on the accumulated service / seniority in the company);
- marriage aid (in the amount of an average gross profit per company);
- contribution to the voluntary pension fund (pillar III), within the limit of 400 euros annually;

- voluntary health insurance, within the limit of 400 euros annually;
- transport travel expense claim from home to the workplace and back based on the regulation, annex to CCM (Collective Labor Agreement) and in the amount of 75%;
- per diem for domestic travel, for work, in the amount of 135 RON/day;
- expenses with nurseries/kindergartens/"after school" program, no more than 300 RON;
- other advantages: employees can rent vehicles and equipment, at the same rate as the one applied by the company in relation to third parties, and the employee bears 50% of the invoice value; employees receive for seniority in the company (30 years accumulated service for women, 35 for men) a gift consisting of material objects (watches or other personalized objects);
- if the company has positive financial results, benefits can be awarded within the limit of a specific fund of up to 10% of the monthly and cumulative salary fund;
- the employees' share of profit is approved by the GMS and is granted based on criteria approved by the Board of Directors.

### **The management of conflicts of interest**

To avoid the occurrence of the conflict of interest, the company has set-out a series of deontological rules that need to be observed both by the members of the Board of Directors as well as by the directors of the company, in correlation with the applicable legal provisions.

The members of the Board of Directors keep the confidentiality of any facts, data or information they have acquired in the course of exercising their responsibilities and understand that they have no right to use or disclose them during or after termination of the activity. Both in the Rules of Organization and Operation of the Board of Directors, the Corporate Governance Rules and in the Code of Ethics of the company CONPET SA there are dispositions with regards to the management of the conflicts of interests and settlements with involved persons. In practice, the members of the Board of Directors shall inform the Board of any conflicts of interest that have arisen or may arise and shall refrain from attending the discussion and voting for the adoption of a ruling on the matter giving rise to the conflict of interest concerned.

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

The situations in which CONPET S.A. employees may be in conflict of interest, the way of preventing, communicating and solving them are established through an operational procedure, which has been approved and disseminated in 2022, in accordance with the internal regulations. In practice, the employees have the obligation to refrain from resolving the request, making the decision or participating in making a decision and to immediately inform the hierarchical head directly by submitting a statement regarding the potential/real conflict of interest to the designated person within the competent organizational entity within the company. Also, if an employee of

CONPET S.A. or another person has become aware of the commission of violations of the law in the field of conflicts of interest, he can notify it in good faith, by accessing the button "Avertizor în interes public Conpet" and/or by clicking the button "Sesizează Ministerul Energiei", available on the company's website.

The company was not notified about integrity incidents related to the conflict-of-interest regime/incompatibilities whose resolution was made as a result of the final remaining of an act of finding issued by A.N.I.

## **Social and Corporate Responsibility (CSR)**

The Social responsibility of Conpet S.A.(CSR) is integral part of the CONPET's vision and strategy and the respect towards people, responsibility towards the environment and involvement in the community's life are essential values and major priorities for the company.

The actions that CONPET undertook in 2023 in the field of CSR were manifested both internally, with the aim of aligning employees with the company's values and mission, and externally, in the company's relationship with third parties, through involvement in the life of the community and supporting its development.

Regarding the internal dimension of CSR, which includes strengthening the organizational culture and common values, as well as creating solid bonds between CONPET employees, in 2023 actions were organized to promote people and the image of the company, among which the traditional award of the senior employees (30 years for women, 35 years for men), congratulating employees who have retired or who participated in external activities, representing the company (e.g. S.P.S.U. county competitions).

At the same time, in order to inform the employees about the relevant and up-to-date events in the life of the company, periodic internal communications were carried out, on which occasion the important actions that took place at the headquarters in Ploiești were presented (e.g. the visit of the delegation of Turkmenistan during the Reunion of the Working Group on the Cooperation in the field of Energy between Turkmenistan and Romania 2023) and in CONPET work sites in the country (e.g. the reception upon the completion of the large-scale project "Replacement of connecting wires crossing the Danube C1-C2 and the Borcea Arm C3-C4" ).

The participation of company representatives in national and international events dedicated to the energy sector was also promoted (e.g. The Business Forum of the Three Seas Initiative, Romanian International Gas Conference -RIGC 2023) so that employees are aware of the context and evolution of the field in which CONPET operates.

The internal newspaper "Informația CONPET" was another communication channel through which employees received information about the company's main actions and activities in 2023, sponsorships and social responsibility actions.

A relevant action that combines organizational culture and social responsibility is represented by internal communications and posts on the official facebook page, which aim to promote culture, national and international historical milestones and, in general, all the principles we consider valuable to the civilized world we live in.

If, in the context of the COVID-19 epidemic, an information, awareness and responsibility campaign was initiated regarding all aspects related to the pandemic, using internal communication channels and social media, in 2023, the health campaign continued by broadcasting articles about health and promoting a healthy lifestyle through the daily Press Magazine.

Regarding the company's involvement in the life of the community, CONPET has chosen, over time, voluntary actions, projects and various causes to cover as wide an area as possible of the community's needs.

In 2023, CONPET organized, for the second consecutive year, a blood donation campaign among the company's employees. Carried out in collaboration with the Ploiești Blood Transfusion Center, the action took place on November 21, at the headquarters of the Ploiești Central Dispatch and it was a real success. 63 employees joined a noble cause of helping the sick in need, in a humanitarian gesture, of empathy and solidarity, in the context where blood donation is a critical problem in Romania.

It has also become a tradition for CONPET to take part every year in the **#EarthHour/Ora Pământului**, the largest voluntary environmental action in history. Therefore, on March 25, CONPET turned off the lights for an hour (8:30 p.m. – 9:30 p.m.) at its headquarters in Ploiești, joining this year the event which, now in its 17<sup>th</sup> edition, aims to draw attention to the climate issues affecting our planet, while initiating actions that aim to transform into habits with a positive and significant impact on it.

Every year, CONPET aims for the social responsibility actions it undertakes to have both a positive impact on the community in which it operates, as well as for increasing employee alignment with its values and mission, connecting the company and employees with society .

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

In 2023, 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:

- Ploiești Pediatric Hospital - purchase of a portable ultrasound for the pediatric cardiology office.
- Ploiești Municipal Hospital - provision of medical equipment, medical equipment and furniture;
- C.F. General Hospital Ploiești - equipping the Cardiology office within the Internal Medicine I section with specialized medical equipment.
- Pulmonary Hospital Florești - Prahova - Equipping the new department of physical medicine and respiratory rehabilitation in the hospital with medical equipment;
- Bușteni Children's Balneoclimatic Sanatorium - purchase of medical equipment
- Pulmonary Hospital Drajna - Prahova - equipping the newly established palliative care and day hospitalization unit with furniture and medical equipment.

The company has also maintained in 2023 projects that have become traditional, such as supporting performance school activities (participation in the World Robotics Championship), cultural and educational competitions (National contest of stories with historical theme) and sports activities, for the benefit of children and young people from Prahova County and the sponsorship of one of the most famous cultural institutions in Prahova - Ploiești Philharmonics.

At the same time, we have also supported the organization of scientific events, such as the first edition of ISER - "International Social, Science, Engineering and Education Romanian Competition".

For the year 2023, in the Revenues and Expenditure Budget of CONPET S.A., there were provided sponsorship expenses amounting to **800 thousand RON**.

Between 01.01.2023 - 31.12.2023, within the Board of Directors meetings of CONPET S.A. were approved and concluded sponsorship contracts amounting to **789 thousand RON**, as follows:

- 314 thousand Ron - "Education, schooling and sports";
- 345 thousand Ron - "Medical care and health"
- 130 thousand Ron - "Other actions and activities".

The detailed presentation of the projects from each category of sponsorship provided for in the GEO no. 2/2015 can be found in the Report on the situation of sponsorships granted by Conpet S.A. in 2023 published on the web address:

<https://www.conpet.ro/wp-content/uploads/2024/01/Raport-sponsorizari-2023-pentru-site.pdf>

#### 4.4.3. The Company Management

By Resolution no. 6 of 19.12.2023, the General Meeting of Shareholders approved the Performance Indicators for monitoring the performance of Conpet S.A., resulting from the 2023-2027 Administration Plan.

In structure, the degree of achievement of the performance indicators in 2023 reveals the following:

No.	Performance Indicator	Performance Objective	MU	(Period 01.01.- 31.12.2023)		ICP achievement rate (%)
				Approved target numbers	Achieved numbers	
1.	Capital expenditure rate	Increasing the efficiency of the National Transportation System for crude oil, rich gas, condensate and ethane	%	≥6.5%	9.8%	150.8%
2.	General solvency (leverage)	Ensuring the ability to pay total debts		max. 0.25	0.14	100%
3.	Asset turnover rate	Ensuring the efficiency of asset management		min. 0.5	0.6	100%
4.	Return on assets (ROA)	Achieving a return on assets above the 4% level	%	>4%	7.3%	100%
5.	Dividend distribution rate from the net profit of the financial year	Maintaining a sustainable dividend policy	%	≥60%	90.7%	100%
6.	Achieving the goals set out in the development program of the internal management control system	Development of the internal management control system implemented in accordance with the legal requirements in force	%	≥90%	100%	100%
7.	Timely reporting of the degree of fulfillment of the company's performance indicators	Compliance with legal reporting deadlines	%	100%	100%	100%

Table 37 - Objectives and performance indicators for monitoring the performance of the company Conpet achieved in the period 01.01.2023 - 31.12.2023

### Strategic objectives regarding the management of the company CONPET

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

The strategic objectives contained in the company's Management Plan for the period 2023-2027 are derived from the Letter of Expectations of the majority shareholder, the Romanian State, through the Ministry of Energy and aim to identify and implement solutions for:

- Optimizing the activity taking into account the future prospects from the point of view of customers and transport capacities of the NTS;
- Increasing the performance of the NTS by continuing the investment/modernization/re-engineering works:
  - Modernization of non-modernized active pumping stations;
  - Maintaining smart pigging programs;
  - Replacement of pipeline sections that are unsafe in operation, to avoid technical breakdowns;
  - Extending the implementation of the pipeline leak detection and location system;
  - Continue to upgrade the pipeline network and storage capacities;
  - Completing the implementation of the cathodic protection system;
  - Modernization of the integrated IT system and the SCADA system;
  - Electricity production from renewable resources.
- Ensuring effective administration in the management of human resources
  - The optimization of the organizational structure and the permanent adaptation of human resources in correlation with the requirements and the technical-economic realities of society, the optimal dimensioning of the need for human resources in relation to the real activity and development needs of society;
  - The development of the specific competencies and basic skills of the human capital.

- Labor productivity growth;
- Continuing efforts to identify new opportunities for growth and diversification:
  - Development of activities related to the core activity (providing storage services of crude oil and petroleum products, etc.) and non-related activities;
  - Continuation of steps to access European funds and other forms of non-reimbursable financing.
- Development and improvement of the internal managerial control system;
- Continuous improvement of the integrated management system (quality-environment-health and safety at work-energy-anti-bribery) and the railway safety management system, implemented and certified in CONPET S.A.;
- Maintaining and improving risk management (identifying risks that may affect the achievement of objectives, establishing and implementing risk control measures);
- Improving the monitoring and operational control of transport processes, to increase energy performance (measurement, monitoring and control through remote management) in order to improve energy efficiency to reduce specific consumption per ton of transported crude oil;
- Compliance with the requirements of environmental authorizations and establishing appropriate measures for significant environmental aspects, limiting environmental impact;
- Maintaining and observing the principles of corporate governance and the values and principles of integrity defined in the Code of Ethics and Integrity of CONPET S.A.;
- Responsible and active involvement in corporate social responsibility actions.

**The strategic objectives for the period 2023-2027 are:**

- Boost efficiency and improve the activity performance;
- Development of new activities, related and non related to the core business;
- Ensuring effective management in the management of human resources;
- Selection of company directors based on criteria of professionalism and integrity;
- Ensuring modern management by implementing and maintaining risk management, control, ethics, integrity and corporate governance processes;
- Ensuring a balance between the dividend policy and that regarding the provision of the necessary funds for the investment programs undertaken by the company for development and modernization.

To the strategic objectives mentioned above, the general objectives of the organization established according to the requirements of the Order of the Secretary General of the Government no. 600/ 2018 regarding the approval of the Code of Internal Managerial Control of Public Entities and the National Anti-Corruption Strategy 2021 - 2025, as well as according to the requirements of the reference standards for the quality-environment-OHS-energy-anti-bribery integrated management system and the regulations applicable to the management system of railway safety.

## **Strategic objectives- Boosting efficiency and improvement of the activity performance**

### **Measure - Optimization of the operation and administrative costs**

Cost optimization is one of the basic management directions for increasing activity efficiency. A first action in this regard is the control of operating and administrative costs. This control was carried out in the two determining stages, respectively at the time of establishing the budget and at the time of its execution. In the stage of planning the activities for the following year, the resources consumed in the current year for the realization of each activity were analyzed and the types of expenses that can be reduced by optimizing the processes were determined. The result of this analysis in the planning stage was to cover the material price increases by decreasing consumption. Through the budgeting managers, the execution of expenses on each cost center is monitored monthly, they are responsible for taking measures to ensure that the costs fall within the planned limits. Also, through the monthly presentation of the table of expenses, those responsible for budgeting have the opportunity to carry out periodic analyses and to discuss within the Steering Committee the proposals for cost efficiency measures.

Another direction of action in order to optimize costs was the efficiency of the pumping scenarios on the two transport subsystems, Domestic and Import, with the aim of establishing, as far as possible, for each transport a pumping scenario with the lowest consumption electric power.

### **Measure - Making investments aimed at reducing technological consumption in the transport process, reducing energy consumption**

Another approach to encourage cost efficiency was to support and stimulate the implementation of investment objectives based on new technologies, with longer life, with lower electricity consumption and reduced maintenance costs.

An important investment project that meets the above requirements is the implementation of a Tele management System for tracking energy consumption.

By carrying out this project several benefits are obtained, among which we list the following:

- ensures the operation and maintenance of the pipeline network in conditions of increased efficiency, with the reduction of operation and maintenance costs;
- making subsequent optimizations in the configuration of own installations, based on the analysis of the information provided by the system.

The Tele Management System will be installed in 15 CONPET workplaces, with the completion date being in May 2024.

During 2023, the installation works of the remote management system were finalized in 8 locations.

Other projects with operational efficiency and cost optimization impact are: the modernization of the pipeline network, a project aimed at reducing technological consumption, but also reducing

energy consumption and modernizing pumping systems, with a positive effect on energy consumption.

In 2023, works were executed for the realization of these projects in the amount of approximately 25 million RON.

#### **Measure - Increasing the performance of the NTS by continuing the investment/modernization/revamping works**

In 2023, the investment/modernization/revamping works were continued, primarily aimed at increasing the performance of the National Transport System, with the aim of achieving the commitments assumed through the minimum development/revamping programs, annex to the Concession Agreement concluded with NAMR.

The 2023 investments program included investments aimed at improving the performance of the national transport network.

The investment program related to 2023 included rehabilitation works of major transport pipelines and investment works for installations and related equipment to the Crude Oil National Transport System.

The investment projects within CONPET target, mainly, enhancing efficiency of the transport activity as well as the operation, under safe conditions, of the National Transport System.

From the modernization quota, CONPET finances investments provided in the rehabilitation, modernization and development programs, agreed with the National Agency for Mineral Resources, according to the "Oil concession agreement for the operation of the national transport system of crude oil, rich gas, condensate and ethane, including the main pipelines and the ancillary installations, endowments and facilities".

In 2023, have been achieved investments amounting **83,062** thousand RON, as compared to a program of **112,000** thousand RON, reaching 74.2% degree of achievement.

Investments (thousand RON)	2023		Degree of achievement
	Program	Achieved	
<b>Total investments, o/w:</b>	<b>112,000</b>	<b>83,062</b>	<b>74.2%</b>
Public domain	90,000	71,580	79.5%
Operating domain	22,000	11,482	52.2%

Table 38 – Investments achieved in 2023 vs. program

#### **Significant investment objectives completed in 2023**

- Replacement of connection lines Danube crossing C1-C2 and C3-C4 Borcea arm;
- Replacement of crude oil transport pipeline F1 Ø 8 ½ " Țicleni Bărbătești, in the water access road site Primăria Bărbătești, approximately 200 m;

- Replacement of a crude oil section Ø 6 5/8" Urziceni-Albești area, Parepa locality, 1500 linear meters;
- Replacement of a section of about 500 m length pipeline Ø 5 9/16 Copăceni - Vega Refinery and smart pigging;
- Replacement of Ø C4- C4 Bărăganu crude oil transport pipeline along 3 lines, C2-C3 along 6 lines, Ialomița county;
- Replacement of Ø 20" Bărăganu-Călăreți crude oil transport pipeline along 6 lines, Călărași County;
- Condensation tank Barbatesti station;
- Moreni crude oil tanks;
- Constanța Fire Prevention and Security tank;
- Pecica Fire Prevention and Security tank;
- Modernization and monitoring of the cathodic protection system related to the NTS domestic and import;
- System related to the tele-transmission and tele-management of the power consumptions in CONPET S.A. locations;
- Modernization of Marghita ramp;
- Expanding Cyber + Telecom telecommunications locations for SCADA system and weighing system;
- Realization of an electricity production system (a photovoltaic power plant) with photovoltaic panels in the precinct of CONPET Administrative Headquarters 2;
- Transformation in LDE 700 CA- LDH CP 92 53 0850 168-1.

### **Significant investment objectives in progress on 31.12.2023**

#### **PUBLIC DOMAIN**

- Replacement of pipeline 20" Constanța county - C1 - 8 sections
- Modernization and monitoring of the cathodic protection system related to the domestic and import NTS;
- Modernization of pumping station Ochiuri;
- Rehabilitation works at Cireșu loading ramp;
- Upgrade of Moreni station;
- Upgrade of Mislea station;
- Biled Fire Prevention and Security tank;
- Independenta buffer tank;
- Tele-transmission and tele-management of the power consumptions in CONPET locations;
- Installation and initial metrological verification of four measuring skids in Petrobrazi P3, Poiana Lacului, Videle and Otesti locations;
- Extension of SCADA system - 4 ramps and 5 stations;
- Rehabilitation of the pump hall C+D+E Călăreți station and Rehabilitation of the building related to connections 6 kV, electrical distributors 6/ 0.4 kV A+B Local Dispatch, electrical distributors CDE, Călăreți station;

- Smart pigging, detection of pipeline status Ø10 ¾" L1 Bărbăti - Ploiești West and Ø 10¾" L2 Orlești - Ploiești (Petrobrazi);
- Replacement of pipeline section Ø 6 ½" Forest II - Buda over a distance of 7,600 m, from the pig launcher Forest II to the pig receiver Buda and modernization of the smart pig launcher Forest II and receiver Buda;
- Section of the pipeline connection Ø 8" Moreni – Mija (Valea Neagră) in L1, L2 Siliște – Ploiești, about 7,200 m and pig launcher/receiver stations;
- Safe disposal of the Ø 12" and Ø 14" Cartojani-Ploiești pipelines at the overcrossing of Cricovul Dulce;
- Replacement of Ø 8 ½" Lucăcești-Vermești crude oil transport pipeline - the section from Deal Măgura (Crucea Roșie) to Vermești (Vermești mine road), approx. 9 km in length;
- Upgrading the current crude oil heating system with a heating system using alternative energy sources in the Biled ramp;
- The safe disposal of the crude oil pipelines L1 and L2 Ø 10 ¾" Siliște-Ploiești, at the undercrossing of Ialomita river;

## OPERATOR DOMAIN

- Transformation of the LDH 92 53 0850 130 -1;
- Replacement of pipeline section Ø 6 ½" Warehouse Petrom Orzoaia de Sus – Urlați crude oil station, about 1,600 m in length.

The Commissionings achieved in 2023 amounted to 183,684 thousand RON, out of which, per financing sources:

- 173,114 thousand RON out of the modernization quota;
- 10,570 thousand RON out of other own sources;

The main investment projects started in the previous years whose execution continued in 2023 are the followings:

### Modernization of non-modernized active pumping stations

Modernization of pumping stations is a significant investment project that can take place over a longer period of time. The first stage of pumping station modernization started in 1997 and ended in 2007, when 16 stations were modernized. The second stage included the partial modernization of 5 stations.

The advantages obtained from the modernization of the pumping stations are the following:

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

In 2023, work was carried out to modernize the pumping systems in 3 stations (Ochiuri, Potlogi and Mislea) in the amount of 6.2 million RON and modernization work in the Moreni station in a

total amount of 4.5 million RON. At the same time, work was started on the pumping systems at the Sat Chinez, Constanța Sud and Berca work points.

The performed works aim to automate the installations in order to be included in the SCADA system. These works include the replacement of existing piston pumps with new pumps and pipe connections in pumping stations, as well as energy and automation works at existing installations.

### **Maintaining smart pigging programs**

The purpose of the smart pigging operation is to determine the degree of wear and tear and to estimate when the pipes should be replaced, so that they be safe in transport.

In order to keep the operational risk and the risks related to environmental aspects under control, the policy of reducing these risks will be continued through the multi-year programming of internal inspections with intelligent pig in order to diagnose all the pipelines.

In the year 2023, the smart pigging operation of the crude oil transport pipelines L1 (Bărbătești-Ploiești, Orlești - Poiana Lacului, Poiana Lacului Siliște, Siliște - Ploiești Vest) was carried out over a length of 238 km and L2 (Orlești - Poiana Lacului, Poiana Lacului -Siliște, Siliște -Ploiești) over a length of 175 km with a value of approximately one million RON.

### **Replacement of pipeline sections which do not present safety in operation**

Annually, during the development of the Investment Program, investment objectives are analyzed and prioritized for pipe rehabilitation works, respectively for the replacement of sections that are no longer safe to operate.

The prioritization is mainly based on the results obtained from smart pigging operations.

The analysis of pipeline replacement works also takes into account the information regarding the consents and consents of the landowners to determine if there could be difficulties in obtaining them.

Historical data shows that there is a significant risk related to obtaining building permits in a reasonable time, which is generated by the difficulties encountered in obtaining the consent of the landowners to allow access to the land for the execution of the works. In order to mitigate the impact of this risk, it is necessary that, based on the results obtained from the smart pigging and the level of operational risk established, a medium-term action plan regarding pipeline replacements should be drawn up, which would include: taking into account the potential risks, as well as the risks involved, the measures and actions necessary to mitigate or eliminate the risks and a multi-year planning of these investments.

In 2023, the works to rehabilitate the main crude oil transport pipelines were continued and 10.24 km of pipelines were replaced, for a total amount of 19 million RON.

The objectives finalized and put into operation in 2023 are:

- Replacement of connection lines Danube crossing C1-C2 and C3-C4 Borcea arm. In April 2023 were performed the reception and commissioning, with a total value of 110.7 million RON;
- Replacement of a section of about 500 m length pipeline Ø 5 9/16 Copăceni - Vega Refinery and smart pigging stations. In June 2023 was performed the reception and commissioning, total value of 0.8 mRON;
- Replacement of the crude oil transport pipeline L1 Ø 8 5/8 " Țicleni Bărbătești, at the Bărbătești Town Hall water tank access road point, approx. 200 m. In February 2023, the reception and commissioning were completed, with a total value of 0.8 million RON;
- Replacement of Ø C4- C4 Bărăganu crude oil transport pipeline along 3 lines, C2-C3 along 6 lines, Ialomița county; In July 2023 were performed the reception and commissioning, with a total value of 14.1 million RON;
- Replacement of Ø 20" Bărăganu-Călărași crude oil transport pipeline along 6 lines, Călărași County; In November 2023 were performed the reception and commissioning, with a value of 21.5 million RON;
- Replacement of a crude oil section Ø 6 5/8" Urziceni-Albești area, Parepa locality, 1500 linear meters in length; In December 2023 were performed the reception and commissioning, with a value of 0.9 million RON;

Also in 2023, the execution of the works for the replacement of the Ø 20" pipeline Constanța - C1 - 8 sections were started, with works worth 7.5 million RON being carried out.

### **Extending the implementation of the pipeline leak detection and location system**

The benefits of implementing a system to detect and locate crude oil leaks from pipelines consist of reducing losses in the event of breakdowns, greening costs and reducing the compensation that the company has to pay to the owners of the lands affected by these breakdowns.

The leak detection system is currently being implemented on the Poiana Lacului-Siliște-Ploiești pipeline subsystem (pilot project) and the benefits obtained post-implementation are being monitored to be compared with those initially estimated by the study, after which a decision will be made on when installing the system on the remaining operational pipelines of the NTS.

In order to make the decision to continue implementing the system on the rest of the pipelines, the results obtained will be compared with the expected ones and the cost-benefit analysis will be updated based on the evaluation results. In order to make the decision to continue the implementation of the system, it is important to take into account the results obtained in the process of intelligent pigging.

In this sense, in March 2023, the contract was signed for "Internal inspection services (expertise) of main crude oil transport pipelines:

L1 Bărbătești - Ploiești West and L2 Orlești-Ploiești (Petrobrazi)". L1 Bărbătești - Ploiești Vest and L2 Orlești-Ploiești (Petrobrazi)".

At the end of 2023, the internal inspection of the following sections was completed: Line I Orlești-Poiana Lacului stage I and II, Line I Poiana Lacului-Siliște stage I and II, Line II Orlești-Poiana Lacului stage I and II, Line II Poiana Lacului-Siliște stage I and II, Line II Siliște-Ploiești stage I and the following sections are in progress: Line I Bărbătești-Orlești stage I, Line I Siliște-Ploiești stage I, Line II Siliște-Ploiești stage II.

### **Continue to upgrade the pipeline network and storage capacities**

In recent years, several crude oil tanks, of different capacities, as well as P.S.I. tanks have been built and rehabilitated. located at different work points.

At the level of the transport operations and development-maintenance departments, an analysis was carried out in order to establish the work points where it is appropriate to build tanks of smaller capacity, adapted to the quantities of crude oil transited through those work sites. On the occasion of the analysis, it was established that the type of reservoir built in the Moreni station should also be built in other working points of the company (Independenza Buffer Tank, Poiana Lacului Pumping Station).

In 2023, the following objectives were completed and put into operation:

- Moreni crude oil tanks. In May 2023 was performed the reception and the commissioning, with a total value of 10.88 million RON;
- Constanța Fire Prevention and Security tank. In July 2023 were performed the reception and commissioning, with a total value of 1.03 million RON;
- Pecica Fire Prevention and Security tank. In July 2023 were performed the reception and commissioning, with a total value of 1.15 million RON;
- Condensation tank Barbatesti station. In February 2023 was performed the reception and the commissioning, with a total value of 1.76 million RON;

Also in 2023, execution works were started at PSI Biled Tank, carrying out works worth 2.5 million RON.

### **Completion of the implementation of the cathodic protection system**

Modernization and monitoring of the cathodic protection system for the crude oil transport system via pipeline aims at slowing down or even stop the corrosion process occurring at the surface of metal pipes underground with effect in:

- reducing the maintenance costs associated with both the metal losses and decommissioning of installations;
- increasing safety in the operation of the pipelines;
- avoiding environmental contamination with corrosion/transported product
- reducing the consumption of electricity.

CONPET is running an extensive program to modernize the cathodic protection system of pipelines and tanks, which started in 2017 and continues, being expected to be completed in 2024.

In the first stage, a number of 53 SPCs were created and put into operation by the end of 2019. In the second stage, a number of 16 SPCs were created and put into operation by the end of 2020.

In the ongoing third stage, out of a total of 31 SPCs (the contract with 2 SPCs was added and one SPC was abandoned) a number of 24 SPCs were made and put into operation.

Out of the other 7 SPCs, 2 SPCs are being executed and in 5 locations construction permits are being obtained.

Completion of the third stage is scheduled for the first semester of 2024.

### **Modernization of the integrated IT system and the SCADA system**

The Investments objective **Modernization of SCADA System** includes:

- Expansion of SCADA monitoring in 4 rail ramps and hard and soft upgrade of the data transmission and automation system in 5 locations of the SCADA system.

After the implementation of this project, the real-time monitoring through the SCADA system of the process data (pressure, flow, level and pigging crossing sensors) will be expanded in four railway ramps, and by replacing the equipment and updating software in four work points eliminates hardware and software bottlenecks and delays caused by incompatibility between old and new equipment. The benefits obtained by extending the monitoring through SCADA consist in: reducing the time and costs for interventions caused by failures; reducing maintenance costs; increased cyber security in accordance with European Directives; "remote" diagnosis and intervention.

In 2023, the design and execution contract were concluded and the design was completed.

- Design, execution, installation and initial metrological verification of four measuring skids in Petrobrazi P3, Poiana Lacului, Videle and Otești locations.

After the implementation of this project, the fiscal and unitary metering of the crude oil pumped to the Petrobrazi refinery will be allowed; increasing the accuracy of fiscal measurement of skids in Poiana Lacului, Videle and Otești; significant reduction of maintenance costs and times; increasing the quality of the sampling process for laboratory determinations; online tracking of pumped quantities.

The project is under construction, with the design and construction contract ending at the end of February 2023. During 2023, the technical project was carried out, with the deadline for the completion of the project being in December 2025.

- Update of hardware and software related to SCADA work stations inside Central Dispatch and Local Dispatch Centers

From the point of view of cyber security, reliability of existing equipment, as well as compatibility between the operating systems and different software used for the safe operation of the crude oil transportation network through pipelines, it is necessary that these systems be replaced with tested systems of the latest generation. The project on upgrading hardware and software in SCADA workstations in the central dispatch center and in local dispatch centers is proposed in the investment program in the period 2025-2027.

In order to implement the **Modernization of the integrated IT system** project, at the end of 2019, the interdisciplinary analysis regarding the determination of the new business requirements of CONPET S.A. was completed.

In the course of 2021, the tender for the analysis and reconfiguration of business processes and the ERP system took place and ended, the contract being signed, and in November 2022 the requirements analysis stage was completed.

In January 2023, the scope of work was finalized.

In 2023 H1 was approved in the Steering Committee. The Substantiation Note for the modernization of the E.R.P. system and in June, the Scope of Work was approved for the modernization of the E.R.P. System.

Later, the project was analyzed in detail in the Board of Directors meeting, which requested additional clarifications, which were presented in the October 2023 meeting.

The procurement procedure is to be started in the first quarter of 2024.

### **Strategic objective- Development of new activities, related and non related to the core business**

#### **Measure - Electricity production from renewable resources**

In 2022 Q3 for the objective ““Realization of an electricity production system (a photovoltaic plant) with photovoltaic panels in the premises of the Administrative Headquarters 2 CONPET S.A.” the contract for design and execution services was signed.

At the level of the first quarter of 2023, the first three contractual stages were completed, and the installation works of the photovoltaic panels (stage IV) began.

In the third quarter of 2023, the reception of the works was carried out for the objective of creating an electricity production system (a photovoltaic plant) with photovoltaic panels in the premises of the Administrative Headquarters 2 CONPET S.A.

#### **Measure - Monitoring of the Operational Programs and Priority Axis in view of accessing European Funds and other non-refundable financing forms**

CONPET continued its efforts to identify funding opportunities from European funds, monitoring operational programs and priority axes that may target possible access to structural funds.

In the first quarter of 2023, the opportunity to implement with non-refundable financing the objective "Development of high-power Photovoltaic Park: 20-40MW.

Within the same field, in the third quarter of 2023, another objective was analyzed: "Electricity production from renewable sources - photovoltaic plants - in CONPET S.A. stations. with a minimum self-consumption of 70%" from the European Programs Office.

Also, in 2023 the financing programs through different mechanisms have been monitored and analyzed, which could concern the modernization/revamping/development of the National Transport System.

At the CONPET level, a working group was set up in the third quarter of 2023 to identify new activities that can be financed from European funds.

### **Strategic Objective - Ensuring effective management in the management of human resources**

**The measure: The optimization of the organizational structure and the permanent adaptation of human resources in correlation with the requirements and the technical-economic realities of society, the optimal dimensioning of the need for human resources in relation to the real activity and development needs of the company in view of enhancing work productivity;**

In order to fulfill its role as a management tool subordinate to the achievement of the organization's general objectives, the organizational structure is designed in such a way as to respond to the specific objectives aimed at:

- Optimizing the use of resources and obtaining the organization's specific performances;
- Monitoring the activities carried out throughout the organization;
- Coordinating the various components to achieve both specific and general objectives;
- Flexibility, by components and as a whole, so that it does not remain at the level of past achievements, but corresponds to the current and future requirements of the environment and the development of the organization.

The human resources policy had in mind:

- Permanently ensuring a balance between the need for human resources and the technical-economic and administrative needs of the company;
- Anticipation of possible fluctuations in staff deficit or surplus;
- Identifying and removing the possible restrictive limits of the available human resources which, by their nature, could affect the performance of the activity;
- Optimizing employee costs through efficient use of working time;
- Establishing staff tasks and responsibilities so that management has all the necessary levers to achieve the assumed objectives and performance indicators;
- The allocation of appropriate human resources for the execution of the operations and the provision of the necessary technical skills in the various stages of these operations;

- The distribution of tasks so that each structure has specific responsibilities and does not perform any of the tasks corresponding to another structure.

Particular attention was paid to the process of continuous dimensioning of the resources necessary to achieve the established objectives, by applying managerial measures in order to reduce expenses, which achieves, in addition to the economic effects, the optimization and adaptation of the functional structures in accordance with the current needs of the company, by permanently ensuring a balance between the number of personnel and the real technical-economic and administrative needs of the company.

Continuous monitoring and analysis are carried out for:

- Identifying the positions that can be consolidated or eliminated, for the purpose of their design or redesign, by clearly understanding the responsibilities and expectations for each position, the role, position, duties and functional links between them.
- The continuous sizing of the human resources requirement according to the real needs of the activity and development of the company, considering investment/modernization/re-engineering projects, the development of activities related to the basic activity and non-related or other factors such as: the frequency of pumping, the volume of transported quantities, the change in legislation, the seasonality of some activities, etc.
- Optimizing the organizational structure to facilitate work flows, improve communication and maximize productivity, in accordance with the real activity needs and development projects of the company, as well as updating the Organization and Operation Regulation in accordance with the organizational structure.
- The redistribution of the positions/employees - to ensure the continuity of the work process or to cover a real new need arising as a result of the increase/decrease in the volume of activity, as well as the most efficient use of staff.

### **The measure: The ongoing development of the specific competencies and basic skills of the human capital**

In order to maintain and/or develop the specific skills and basic skills of human capital, professional training activities are carried out continuously and planned, based on the company's annual professional training and authorization programs, developed following the identification and prioritization of training needs of the staff of CONPET S.A.

Training of company personnel is achieved mainly through participation in external courses, organized in collaboration with certified trainers for all fields of activity within the company. Also, training is conducted internally by trainers and/or experts of the company, with a good knowledge and experience relevant to the activity of the company. They support professional training sessions and training with the aim of updating job-specific knowledge and skills, as well as examining or checking the employees participating in the respective sessions.

Through the trainers within the company, both receivers teaching fluid products, as well as employees with operating duties in the field of micro-SCADA can be trained/retrained/qualified internally.

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

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

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

In 2023, 2,698 participations in the following types of training/professional authorization were registered:

- 106 Various fields authorizations (specific per activity);
- 376 rail permits;
- 464 professional training courses;
- 407 internal authorizations;
- 1,345 Qualifications/internal authorizations.

#### **Strategic Objective- Selection of the company directors based on criteria of professionalism and integrity**

The selection procedure of the directors with a mandate contract was carried out in accordance with the provisions of the GEO no. 109/2011 on the corporate governance of public enterprises based on criteria regarding training and professional experience and those of integrity.

On 19.10.2023, the company CONPET S.A. sent to the Bucharest Stock Exchange and to the Financial Supervisory Authority current report no. 41/2023 regarding the appointment of directors with a mandate contract. At the same time, it was also posted on the Conpet website at <https://www.conpet.ro/relatia-cu-investitorii/raportari/rapoarte-curente->

#### **Strategic objective - Ensuring modern management by implementing and maintaining risk management, control, ethics, integrity and corporate governance processes**

**The measure: Maintaining and observing the principles of corporate governance and the values and principles of integrity defined in the Code of Ethics and Integrity of CONPET S.A.;**

Through the way of carrying out its processes, CONPET S.A. complies with all applicable legal requirements and responds to all requirements of relevant stakeholders, and through the projects and social responsibility actions carried out ensures financial support for the community,

constantly involving itself in humanitarian actions, education, art and culture, sports and environmental protection.

Taking into account the fact that the company Conpet S.A. has important duties in a field of national, regional and local interest, being declared of strategic interest, and maintaining the company's reputation is a priority for the administrators and management of Conpet S.A., so that they preserve the company's reputation as a reliable partner in all relationships and with all the relevant stakeholders they come into contact with.

The management of privileged information was carried out ensuring equal treatment for all the company's shareholders.

Transactions with related parties represent another important aspect related to ethics, and within CONPET S.A., internal regulations have been adopted regarding both these and the management of conflicts of interest and the granting of sponsorships.

The elements of corporate governance that have been permanently monitored are:

- 1) The way in which, at the level of Conpet S.A. the principles and recommendations of the Corporate Governance Code are implemented and respected;
- 2) Compliance with financial and corporate reporting deadlines to authorities and institutions with an impact on the company's activity;
- 3) Efficiency of the risk management system and internal managerial control;
- 4) List of Persons with Access to Inside Information;
- 5) Respecting the principle of equal treatment towards all stakeholders.

The list of persons who have access to privileged information is drawn up in accordance with the legal provisions in force regarding issuers of financial instruments and market operations. This list is updated whenever changes occur in relation to the inside information and the people who have access to it.

Priority is also given to respecting the rights and fair treatment of shareholders, as well as the rights and interests of stakeholders (interest holders).

At the same time, they take into account:

- compliance with the allocation of powers and responsibilities established by the Rules on the organization and functioning
- permanent, real collaboration between the executive management and the Board of Directors;
- the efficiency of the risk management system and internal managerial control;
- avoidance of Conflicts of Interest;
- Responsible and active involvement in corporate social responsibility actions;
- compliance with the principles of ethics and integrity mentioned in the legislation applicable to commercial companies, in general, and public enterprises, in particular;

- maintaining the company's reputation as a priority, the management of CONPET S.A. must maintain the company's reputation as a reliable partner in all relationships and with all relevant stakeholders with whom it comes into contact.

### **The measure: Development and improvement of the internal managerial control system**

The continuous improvement of the integrated management system involves a number of actions, starting with the periodic evaluation of its performance through internal and external audits, management reviews and feedback from stakeholders.

Following these evaluations, opportunities for improvement were identified and steps were taken to improve the efficiency and effectiveness of the system.

The company CONPET S.A., defined as a public entity in accordance with the provisions of the Order of the Secretary General of the Government no. 600/ 2018, applies the Code of Internal Managerial Control of Public Entities, approved by the aforementioned regulation.

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

The continuous development of the internal managerial control system is a priority of the management team, through the efficient and effective implementation of all actions in the Development Program of the internal managerial control system, elaborated and updated annually by the Monitoring Commission.

### **The measure: Maintaining and improving risk management (identifying risks that may affect the achievement of objectives, establishing and implementing risk control measures)**

Effective risk management is very important to ensure the long-term viability and success of the company.

During 2023, a rigorous risk identification and assessment process was maintained, a process manifested by rigorous documentation and consistent application of the provisions of the specific documents of the "Risk Management" process.

During each year, the risks that have the potential to affect the achievement of the established objectives were identified, evaluated and prioritized. This process is documented in the Risk Register, thus ensuring a clear and accessible record of all potential threats.

Risk management is maintained as an essential component of each project in prioritizing actions and investments. Also, the management of risks and vulnerabilities to corruption ensures the avoidance of integrity incidents, the management of the company being concerned with maintaining and improving the anti-bribery management system.

**The measure: Continuous improvement of the integrated management system (quality-environment-health and safety at work-energy-anti-bribery) and the railway safety management system, implemented and certified in CONPET S.A.**

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.

Between August 28 and September 1, 2023, the external surveillance audit took place for the management systems of quality, environment, health and safety at work, energy, according to the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018, audit performed by the BUREAU VERITAS certification body. Following the external surveillance audit for the management systems of quality, environment, health and safety at work, energy, no non-conformities were identified.

The audit team of the BUREAU VERITAS body concluded that the organization CONPET S.A. established and maintained an integrated management system in accordance with the requirements of the reference standards and demonstrated its ability to meet the requirements according to the organization's policy, objectives and scope. As a result, the BUREAU VERITAS certification body recommended maintaining the certificates for the management systems of quality, environment, health and safety at work and energy, issued for the organization CONPET S.A.

Starting from 2010, within the organization CONPET S.A. the Railway Safety Management System is implemented and maintained, in accordance with the national legal requirements on railway safety and the reference European Directives. The field of application of this system includes railway ramps 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 (AFER)

Also, for the railway ramps where CONPET S.A. only performs railway shunting in its own interest/ for third parties/ on an industrial railway line that is not the property of the company, the Romanian Railway Safety Authority (A.S.F.R.) issued the Single Safety Certificate, in accordance with the provisions of the Order of the Minister of Transport, Infrastructure and Communications no. 743/ 2020 for the issuance of the single safety certificate to operators who only carry out railway shunting on Romanian railways. The certificate is updated whenever CONPET S.A. requests the amendment of Annex B containing the list of motor railway vehicles with which the company carries out the railway shunting.

On 31.12.2023, the Single Safety Certificate no. O.M.F. 2023008, valid until 20.09.2025, subject to periodic one-year visas.

Starting from January 2021, in the organization CONPET S.A. the anti-bribery management system implementation program was carried out according to SR ISO 37001:2017 requirements, program completed in June 2022.

In July 2022, following the external audit carried out by the SRAC CERT certification body, 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.

Following the external surveillance audit of June 2023, the SRAC CERT certification body recommended maintaining the compliance certificate no. 28/13.07.2022 for the anti-bribery management system implemented in the CONPET S.A. organization

In order to determine the effectiveness of the integrated quality - environment - health and safety - energy -- and railway safety management system, in May 2023, the Conducted Management Analysis no. 31. Following the carried-out analysis, actions were established to increase the effectiveness of the management systems.

The actions agreed following such analysis refers mainly to the following:

- Meeting of the energy management team to update the list of locations with significant primary energy consumption, which determines approx. 80% of the organization's registered consumption;
- Revision of the system procedure "Operational control, monitoring, measurement and evaluation of energy performance" and of the work instruction "Calculation of significant deviations and their analysis", in order to establish the way of analyzing the deviations of the energy performance indicators achieved against the planned ones, monthly only for locations with significant primary energy consumption and semi-annually for other locations;
- The re-analysis and re-evaluation by the Monitoring Commission of the internal managerial control system, of the significant risks at CONPET S.A. level. and related control measures, considering the damage caused on 17.04.2023 whose environmental impact was the pollution of the Lopatna stream;
- Review of Measurement and Monitoring Plans and Operational Control Plans for water consuming locations to include actions related to energy target O5/T1 from the List of Energy Objectives and Targets 2023;
- Revision of the operational procedure "Identification and control of sensitive functions at the level of CONPET S.A.", for completion with responsibilities regarding the development/updation of the list of personnel (name and surname) occupying sensitive functions and ensuring the availability of the updated list for the anti-bribery compliance function.

All the actions included in the Action Plan of AEM 31 have been implemented.

Within the energy management system, the energy objectives and targets for the year 2023 were established as follows:

Energy objective 2023	Energy target 2023
O1: Maintaining energy efficiency for electricity use.	O1/T1: Maintaining the electricity annual average specific technological consumption at a level of maximum 3.3 Kwh/product ton O1/T2: Maintaining the electricity annual average consumption in Conpet administrative buildings as compared to the reference period 2019.
O2: Increasing energy efficiency for uses of natural gas.	O2/T1: Reducing natural gas consumption at CONPET compared to the reference period 2019.
O3: Increasing energy efficiency for uses of diesel.	O3/T1: Reduction of specific diesel consumption for the rail shunting within CONPET as compared to the 2019 reference period
O4: Increasing energy efficiency for the uses of automotive fuels.	O4/T1: Maintaining the auto fuel consumption in CONPET compared to the reference period 2019.
O5: Increasing energy performance for the uses of water	O5/T1: Maintenance of the water consumption at CONPET level, for every location by the observance of the Water Management Rights Permit

Table 39 – 2023 Energy objectives and targets

In order to meet these targets, was developed and approved document: "Action plan for achieving 2023 energy objectives and targets".

The internal audit of the integrated quality– environment– occupational health and safety management system and the railway safety management system shall provide information regarding the compliance with the requirements of the references and applicable legal requirements. Internal audits are also aimed at assessing the effectiveness and continuous improvement of the implemented management systems.

The internal audits were conducted in accordance with the approved program for the year 2023 and the audit criteria established in the audit plans. The results were communicated to the audited persons by distributing the audit reports, to which were attached reports of non-compliance and corrective action opened during audits. The company annually provides resources to develop adequate internal audit, mandatory requirement of the reference standards SR SR EN 9001:2015, SR EN ISO 14001:2015, SR ISO 45001:2018, SR EN SR 50001: 2019 EN ISO 37001:2017, as well as the regulations on railway safety.

**The measure: Compliance with the requirements of environmental authorizations and establishing appropriate measures for significant environmental aspects, limiting environmental impact;**

CONPET activity is regulated according to the provisions of GEO. no. 195/2005 on environmental protection and according to the provisions of the Water Law no. 107/2005, both with subsequent additions and amendments. They establish the legal framework for the prevention of damage to the geological environment, through accidental pollution, and for the management of natural resources

Compliance with the requirements of environmental authorizations and establishing appropriate measures for significant environmental aspects, are key components for the company's strategy regarding the limitation of environmental impact. As part of the company's commitment to sustainable development, compliance with environmental legislation is not only a legal obligation, but also an ethical responsibility.

Fulfilling the requirements of environmental authorizations implies, first of all, the implementation of technical measures to prevent damage to the geological environment.

To further strengthen the company's commitment to protecting the environment, action was taken to:

- Improve compliance with best practices for sustainability;
- Strengthen internal pollution prevention policy, including through an employee training program;
- Continuing investments in clean and energy efficient technologies;
- Periodic monitoring and evaluation of environmental performance to identify opportunities for continuous improvement.

### **The measure: Elements of ethics and integrity**

**The Code of Ethics and Integrity** of Conpet S.A. was developed in 2012 and last revised in 2022, in accordance with the provisions of the National Anti-corruption Strategy (S.N.A.), with the requirements of the ISO 37001 Standard (implemented and certified within the organization in the summer of 2022) and the provisions of other legislative regulations specific to integrity. The management of Conpet S.A. ensured that the measures below are still maintained or implemented as follows:

- the values, principles and norms of behavior established by the Code should be periodically reminded to the organization so that it is continuously promoted among the employees;
- ensuring the necessary levers regarding compliance with the Code that do not allow violations of the principles of ethics and integrity, at any level in the company, with reference to management, employees, legality, abuses: campaign to promote the ethics and integrity advisor, with the aim of strengthening the status and mandate to him; campaign to promote the communication channel regarding the whistleblower in the public interest;
- the presentation in the organization of confirmed cases of violations of ethical behavior to emphasize the importance of respecting ethical behavior;

- periodic monitoring of the application of the provisions of the Code;
- revising and disseminating the Code, with the approval of the internal auditor and within the term stipulated in the specific legislation.

**Through the Integrity Plan** of Conpet S.A. and the Declaration regarding the assumption of the organizational integrity agenda in the coordinates of the National Anticorruption Strategy (Ro.SNA) 2021 - 2025 - adopted in 2022, which include objectives and measures to act as remedies for the risks and vulnerabilities to corruption identified within the company, the management of Conpet S.A. ensured all material, financial and human resources so that all anti-corruption measures are implemented.

The Integrity Plan contains a varied set of measures aimed at achieving the following specific objectives:

- implementation of integrity measures in the organization in the coordinates of S.N.A. 2021-2025;
- streamlining preventive anti-corruption measures by remedying legislative gaps and inconsistencies, as well as ensuring their effective implementation;
- improving the ability to manage management failure by correlating the tools that have an impact on the early identification of institutional risks and vulnerabilities by strengthening the own integrity plan, as a managerial tool for promoting integrity in the organization;
- increasing integrity, reducing vulnerabilities and corruption risks by: respecting and applying integrity standards; avoiding the conflict of interests and incompatibilities, as well as for the consideration of the public interest, in accordance with the observance of the principle of transparency of the decision-making process unrestricted to information of public interest; publication in open format of economic indicators, as well as other information of public interest.

In this context and taking into account the efficiency achieved by implementing the measures up to this point in the Integrity Plan, the quarterly and annual evaluation of the implementation of the measures provided for in the approved Integrity Plan and its adaptation to newly emerging risks and vulnerabilities was a priority management in order to achieve the objectives in the field of anti-corruption.

**The registry of corruption risks** was developed in 2018 and revised for the last time in 2022. The identification, evaluation and periodic monitoring of corruption risks, as well as the establishment and implementation of prevention and/or control measures are carried out in accordance with the methodology reflected internally by operational procedure and must be maintained, be a priority in prevention and combat corruption.

In order to strengthen this risk identification system, as well as to promote institutional integrity, Conpet S.A. obtained the ISO 37001 certificate in 2022, which certifies compliance with the anti-bribery management system. At corporate level, reasonable measures have been undertaken in what concerns the identification of the risk of bribery and for the control/prevention of their occurrence. The risk of corruption assessment is being communicated and documented and any

change occurred at organizational level triggers a revaluation. The anti-bribery compliance function (as per ISO ISO37001:2017) has accountability and authority to report to the management body Board of Directors and management at the highest level, in respect of the performance of the anti-bribery management system.

Increasing the level of education and awareness of employees achieved through training and professional training actions at the company level is the most accessible way for employees to determine behavioral change, thus limiting deviations from anti-corruption norms, internal conflicts, the use of company resources in purposes other than the interests of society. The management of the company has created a functional and transparent organizational framework of integrity, which contributes to the employees' sense of security, to their identification with the company's values.

#### **The measure: The communication with shareholders and other stakeholders**

The management ensured full compliance with the reporting obligations related to the capital market, drawing up and transmitting the periodic, current and communicated reports in accordance with the legislative provisions in force. The company also published and complied with the annual financial reporting calendar.

For good communication and transparent information to all interested parties, the public information provided by the legislation was published on the website of CONPET S.A.

#### **Strategic Objective - Ensuring a balance between the dividend policy and that regarding the provision of the necessary funds for the investment programs undertaken by the company for development and modernization**

The dividend policy of the company CONPET S.A. was approved by the Board of Directors in January 2021.

The net profit distribution decisions concern the company's options between partial or full reinvestment of the net profit and/or distribution in the form of dividends.

**The rate of distribution of dividends**, set out in the dividend policy, which the Board of Directors will consider in the formulation of the proposal to the General Meeting of Shareholders of CONPET S.A. will be between **85 % and 100 % of the net accounting profit**.

The gross dividend per share is the share of the company's net profit that is calculated and paid to shareholders for each share held.

Along 2023, there have not been distributed dividends based on the interim financial statements. The proposal to distribute the net accounting profit to the legal destinations, in the amount of 61,616,539 RON, includes the distribution in the form of dividends of the amount of 55,891,137 RON, which represents 90.7% of the net accounting profit.

## The Executive Management

Between 01.01.2023– 31.12.2023, the executive management had the following composition:

### Directors:

Position:	Name and Surname	Observations
Director General	Eng. TUDORA Dorin	<p>As per the BoD Decision dated 20.04.2021, following the carrying out of the procedure for the recruitment and selection of the Director General, as per the provisions of GEO no. 109/2011 on corporate governance of public enterprises, appointment based on contract of mandate with a duration of 4 years, respectively as of 21.04.2021, until 20.04.2025 (inclusive of).</p> <p>For the correlation of the mandate contract of the General Director with the duration of the mandate contracts of the new administrators appointed for a period of 4 years by the OGMS Resolution no. 4/ 18.08.2023, following the proposals and discussions from the BoD meeting dated 22.08.2023, with the agreement of the Director General the duration of his mandate contract was reduced until 06.11.2023 (inclusive) or until the completion of the selection procedure of the Director General, if this will take place earlier dated 06.11.2023.</p> <p>Following the completion of the selection procedure for the Director General, Deputy Director General and Economic Director, the mandate ended on 19.10.2023.</p> <p>According to the Decision of the BoD from 19.10.2023, following the selection procedure, a new mandate contract was concluded for a period of 4 years, starting from 20.10.2023 until 19.10.2027 (inclusive).</p>
Deputy Director General	Jurist DUMITRACHE Mihaela – Anamaria	<p>Mandate contract for 4 years between 18.02.2019 – 17.02.2023 (inclusive), according to the BoD Decision dated 18.02.2019.</p> <p>Provisional appointment mandate contract, 4 months, for the period 18.02.2023 – 18.06.2023 (inclusive), extended starting from 19.06.2023 until 19.08.2023 (inclusive).</p> <p>Provisional appointment mandate contract, 4 months, for the period 20.08.2023 – 20.12.2023 (inclusive), according to the BoD Decision dated 09.08.2023.</p> <p>Following the completion of the selection procedure of the Deputy Director General , the mandate ended on 20.10.2023 according to the BoD Decision dated 19.10.2023.</p>

**Directors:**

<b>Position:</b>	<b>Name and Surname</b>	<b>Observations</b>
		4-year mandate contract, starting from 20.10.2023 until 19.10.2027 (inclusive), according to the BoD Decision dated 19.10.2023.
Economic Director	Econ. TOADER Sanda	<p>Provisional appointment mandate contract 07.11.2022 – 07.03.2023 (inclusive) according to the Decision of the BoD from 28.10.2022.</p> <p>Provisional appointment mandate contract, 2 months, 08.03.2023 – 08.05.2023 (inclusive) according to the BoD Decision dated 07.03.2023.</p> <p>Provisional appointment mandate contract, 4 months, for the period 09.05.2023 – 09.09.2023 (inclusive) according to the BoD Decision dated 05.05.2023.</p> <p>According to the Decision of the BoD dated 05.09.2023, the mandate contract was extended for a period of 2 months, starting from 10.09.2023 until 10.11.2023 (inclusive).</p> <p>Following the completion of the selection procedure for the Economic Director, the mandate ended on 20.10.2023.</p> <p>4-year mandate contract, starting from 20.10.2023 until 19.10.2027 (inclusive), according to the BoD Decision dated 19.10.2023.</p>
Deputy Director General 2	Jurist LUPEA Ioana Mădălina	<p>According to the decision of the director general dated 4.06.2021, appointed as Deputy General Director 2, starting from 15.06.2021 until the termination of the mandate contract of the Director General no. 2/21.04.2021, but no later than 17.02.2024 (inclusive).</p> <p>On 07.11.2023 the individual labor agreement ended as per art. 56 paragraph 1) letter i. of the Labor Code, and, starting from the same date, she was appointed as Deputy General Director 2 until the termination of the mandate contract of the Director General concluded on 19.10.2023, but no later than 06.11.2026 (inclusive).</p>
Deputy Director General 3	Eng. NECŞULESCU Radu Florentin	As per Decision of the Director General no. 271/13.05.2022, indefinite period.

**Heads of Units and Chief Engineers:**

<b>Position:</b>	<b>Name and Surname</b>
Head of Transport Operations Unit	Eng. STOICA Narcis Florin
Head of Maintenance Development Unit	Eng. BUZATU Dan
Head of Commercial Unit	Jurist MANOLACHE Dan

Head of the H.S.E. Unit	Eng. MARUSSI Mădălina Mihaela
Head of Communication and Corporate Governance Unit	PATRICHİ Bianca Maria
Investment Development Chief Engineer	Eng. CÎRLAN Florentina – Anca

Table 40 - The Executive Management

On 31.12.2023, Mr Buzatu holds a number of 40 Conpet shares.

### **Disputes or administrative proceedings**

In the last 5 years there have been no disputes or administrative proceedings involving the management of CONPET.

## **5. THE NON-FINANCIAL STATEMENT FOR THE YEAR 2023**

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

### **Company's profile**

CONPET SA is the operator of the crude oil, rich gas, condensate and ethane National Transport System (NTS). As presented at large in the Report of the Administrators, 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 National Transport System consists of the following components:

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

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

### **Quality, Environment, Occupational Health and Safety Policy**

In accordance with the strategic development direction of COPET SA, the Quality, Environment, Occupational Health and Safety Policy aims at satisfying the requirements of the customers and

of other relevant stakeholders, complying with the legal requirements concerning the transport of crude oil, rich gas, ethane and condensate and ensuring a healthy and safe work environment for the entire staff, targeting the following lines of action:

- Ensuring the availability and timeliness of the crude oil, rich gas and condensate transport services;
- Solving operative 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 certificates are valid 3 years, with annual surveillance. Following the surveillance audit of August 2023, the BUREAU VERITAS certification body recommended maintaining the certificates for the management systems of quality, environment, health and safety at work, issued for the organization CONPET S.A.

### **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 consumptions of transported product.

The potential risks identified in this regard are as follows:

- The degradation of the National Transport System, reduced transport capacity, delays in delivery, decreased customer satisfaction, complaints;
- identification of major non-conformities following the certification or surveillance audits and suspension/cancellation of certificates, which could have a negative impact on the image of the organization.

As a result of the measures taken by the company, the risks mentioned have been maintained at a low impact level. The efficient control of the risks was materialized by:

- 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;
- The number of complaints received from customers in a year with regards to the conformity of the transport service, with zero target value.
- Carrying out the transport of crude oil with the specific electricity consumption of max. 3,3 kwh/transported ton;
- The number of railway events during the railway maneuver carried out with CONPET's own staff, in the railway ramps, with a target value of zero.

In 2023 the indicators have reached the target values laid down as follows:

- the transport program was made without exceeding the contractual limits of technological consumption;
- there were no complaints from customers;
- the specific consumption of electricity for crude oil transportation fell within the margin of max. 3,3 kwh/transported ton;
- no railway events were recorded during the railway maneuver carried out with CONPET's own personnel.

## **Environment**

In the field of environmental protection, CONPET management has adopted an environmental policy integrated with the policy on quality and health and safety at work, specific to the company's activity, 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:

- ensuring compliance with legal and other requirements relating to environmental matters.
- the continuous improvement of the performance in environmental protection activity, in particular by adopting prevention measures for pollution, technological risks and accidents which can have negative repercussions on the environment.
- 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.

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

According to the Ministry of Environment and Sustainable Development 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 through the period the company has been issued annual visa permit - amendment brought by Order 1150/2020.

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 are input 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.

During 2023 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 2023 have been reviewed:

- Environmental Management Program and actions to achieve environmental objectives;
- Register of environmental opportunities.

The status 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, in the framework of the analysis carried out by the management.

## **Occupational Health and Safety**

For the organization of the prevention and protection activity within the company, according to art. 14, letter. c and in conjunction with art. 19 para. 1, from GD no. 1425/2006 with subsequent amendments and additions, the internal prevention and protection service is established. In each sector, there are persons responsible for health and safety at work, appointed by the Director General 's decision.

Safety and health at work are 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;

Specific training programs are run to address specific issues, such as those related to safety risks. Permanently, through medical checks, a healthy, active lifestyle, first aid courses, body immunization programs are promoted, especially for employees who work in conditions of isolation, work at height and night shift.

The main action lines of the top management concerning health and safety are as follows:

- Prevention and reduction of occupational diseases and accidents at work;
- Consultation and participation of the employees on any aspect of health and safety at work.

During the checks carried out by the representatives of the service, the "Conpet S.A. employee satisfaction evaluation questionnaire" was filled in by the employees regarding the safety and health at work" and reports were drawn up with reported problems and their remediation.

- Ensuring appropriate organizational framework for setting the objectives of the integrated management system quality- environment- health and safety;
- Permanent assessment of the risks/opportunities posed in the context the organization evolves in and of the risks/opportunities related to the processes and determining the actions for their treatment.

According to the occupational health and safety law and regulations (S.S.M.), every employer with at least 50 employees in an establishment is obliged to establish an occupational health and safety committee, in order to consult and ensure employee participation in the development of all labor protection rules. The occupational health and safety committee is a mixed group, made up of both employer representatives and worker and medical staff representatives.

Beyond our duty to ensure that our people will be fully satisfied with their careers and excellent opportunities for growth and personal development, our priority is to provide them with a safe place to work.

Health and safety matters are discussed in Occupational Health and Safety Committee meetings held quarterly or whenever necessary.

From the perspective of the obligations and responsibilities arising from the Law no. 319/2006 on safety and health at work and GD 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 that require Occupational Safety and Health signage and the type of signage required according to H.G. no. 971/2006 regarding the minimum requirements for safety and/or health signage at the workplace;
- 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 2023, external controls were carried out by the labor inspectors of Giurgiu and Brăila counties, without any irregularities being identified at the level of the checked work points, an improvement measure being ordered, drawing up an own instruction for travel to and from the place for work. In the framework of 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 non-conformities found were remedied by carrying out the corrective measures ordered at no additional cost.

The starting point for optimization of efforts to prevent accidents and occupational disease at work is "Risk Assessment".

In 2023, the committee set up within the company for this purpose analyzed and reassessed the risks for each workplace/work station.

By implementing the technical measures, organizational and sanitary from the Prevention and Protection Plan, the level of risk within the company is 2.87, value below the maximum allowed limit of 3.50.

Within the organization CONPET S.A. an occupational health and safety management system is implemented and certified in accordance with the requirements of the ISO 45001 standard.

During 2023, the occupational health and safety management system, part of the Quality - Environment - OSH Integrated Management System, was maintained and improved, a fact confirmed following the external surveillance audit of August 2023.

The employer permanently allocates resources to maintain and improve the working conditions and health of the employees, the results of these obligations being reflected in the results presented and in the medical reports presented by the contracted occupational medicine doctor.

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 for all work places;
- is ensured the organization of rescue and evacuation of employees and material goods;
- Private service for Emergency Situations is set, in accordance with the law;
- are identified, monitored and evaluated specific risk factors, generators of hazardous events; are identified types of risks generating natural and technological disasters; is provided assessment and analysis of potential risks on the possibility of their occurrence and consequences on people's lives, the environment and property;
- is established the Cell for Emergency Situations.
- are provided information and training activities on the means of knowledge, compliance and enforcement of the norms, of the technical regulations and provisions concerning fire safety and civil protection for all company personnel;
- is ensured the organization of training of employees and emergency teams within SPSU in emergency situations; participation in exercises and applications 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;
- "Security Reports" and "Internal Emergency Plans" are developed for each location of the company classified as a "higher level site", respectively "Major Accident Prevention Policy" for the locations classified as a "lower level site";
- the staff employed in these locations is periodically trained on the relevant parts of that documentation;
- at the site level a responsible in charge with security management was appointed, by decision of the Director General.

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

1. Achievement of all necessary lines regarding Safety and Health at Work contained in the Plan 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 staff in identifying, reporting and eliminating/reducing the dangers of accidents and professional diseases;
  - support and promote 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.

In 2023, no work-related accident/incident was registered within CONPET S.A.

During 2023, sanitary materials and personal protective equipment were provided for all employees.

Informative materials were developed and displayed, including the rules and measures that must be followed, regarding wearing the protective mask, washing/disinfecting hands, ventilating and disinfecting the workspaces.

## **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. The certificates are valid 3 years, with annual surveillance. Following the surveillance audit of August 2023, the BUREAU VERITAS certification body recommended maintaining the certificates for the management systems of quality, environment, health and safety at work, issued for the organization CONPET S.A.

## **Railway Safety Policy**

Starting 2010, within CONPET S.A. the Railway safety management system is implemented and maintained. The application area of this system includes ramps where CONPET performs railway shunting operations.

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 (A.F.E.R.) granted the company the License for the performance of railway transport services (railway shunting), and the A.S.F.R. (Romanian Railway Safety Authority) issued the Single Safety Certificate for the railway safety management system implemented in CONPET S.A..

## **The Social and Personnel Policy**

The company's management develops and implements internal regulations used to establish the organization of the activity within the company by which the necessary resources are allocated

effectively. The risks associated to the social and personnel field are identified and their potential adverse effects are kept to an acceptable level through appropriate measures for cancellation or mitigation.

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

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 alin.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,,);
- 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:

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

The effects of these potential risks may consist in the increase of the medical leave expenses incurred by the company, increased absenteeism, decreased quality of the transport services, decreased efficiency, increased recruitment costs, adverse incentive of the employees or trade union conflicts. The company has managed, through the measures taken, to maintain the social and staff risks at a low level.

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

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

In drawing up measures for 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.

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

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

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

From the total number of personnel with higher education, 14.5% is represented by women. At the same time, women account for a percentage of 32.5% in total personnel with management positions and a percentage of 34.5% in total personnel with management and coordination positions in the company. Achieving this weight ensures women's participation in decision-making and management at all levels and in key areas of activity of the company.

Thus, according to the organization chart in force at 31.12.2023, the entities Deputy Director General, Deputy Director General 2, Economic Directorate and Maintenance Development Chief Engineer are led by women. Promoting equality at work is synonymous with significant economic benefits.

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

the participation in professional qualification/re-qualification, improvement and specialization programs.

The company guarantees for all employees, regardless of sex, 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 place of employment.

The Conventions of the International Labor Organization (, considered as fundamental labor principles and rights, relate to trade union freedom and trade union right protection, the effective recognition of the right of collective organization and bargaining, the elimination of all forms of forced or compulsory labor, the abolition of child labor and the elimination of discrimination in respect of employment and occupation, and represent guidelines and useful tools for the preparation of the internal policies of the company concerning employment, work, social dialogue, , etc.

The company informs employees consistently and permanently on the provisions of the Collective Labor Agreement, the Code of Ethics and Integrity and the Internal Regulations, a document containing special chapters on the rights they have in connection with the compliance with the equality of opportunities and treatment between men and women in labor relations.

Trade union freedom and collective negotiations ensure a good cooperation and consultation between the workers and the employer, leading to a decrease in the number of labor conflicts and a higher social stability.

The employees of CONPET SA receive adequate protection against any discriminatory acts that might infringe trade union freedom.

The practice of collective bargaining in CONPET SA guarantees that the worker and the employer have an equal share in the negotiations and that the decisions made will be fair and equitable. Starting from the premise that social dialog is an important factor for socio-economic progress, considered as one of the pillars of the European social model, essential for: the promotion of decent working conditions, transparent regulations regarding working rules, respect for employees and performance, productivity and profit for employers, collective bargaining has allowed the social partners to negotiate a fair employment relationship and to prevent labor disputes.

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

CONPET SA promotes a transparent business climate, communication and cooperation with all the parties involved in the conduct of its business, with respect for the community and the environment. CONPET S.A. supported, through sponsorship actions, projects of tradition or with significant impact on the community, but also request of less amplitude targeting ideas, actions or individual performance.

## **Ethics and Integrity in business, fighting corruption**

CONPET SA promotes fair business relationships and pursues legal compliance in all commercial transactions and activities carried out, acting for the deterrence, prevention and combating of corruption deeds.

By the Code of Ethics and Integrity the company has established the rules of conduct and integrity, which regulate the values and principles of anti-corruption strategy, corporate values, responsibilities, obligations and business conduct, mandatory rules, applicable to all employees, from all organizational structures of CONPET S.A., directors and administrators with mandate contract.

The Code of Ethics and Integrity defines honest conduct and behavior, prohibits participation of employees in decision-making process in situations where there is a conflict of interest, Incompatibilities, imposes restrictions in terms of offering/accepting gifts, favors or services, establishes the obligations of the employees with regard to the protection of the company's assets and resources, specifies how to relate with the authorities based on the principles of fairness, transparency and good collaboration and mentions the rules of conduct during national and international trips. There are also clear rules for dealing with shareholders regarding equal treatment and inside information, as well as the use of honest and legal practices in relations with business partners.

In view of implementation of the National Anti-Corruption Strategy 2021-2025(SNA), to which CONPET S.A. has adhered, in 2017 has been approved the Integrity Plan, document upgraded in 2022 by decision of the Director General of CONPET S.A. - which details, in a personalized manner, the measures applicable to CONPET S.A., subsumed to the general and specific objectives provided in NAS for the identification of risks, vulnerabilities and specific intervention needs. All measures to prevent corruption, with a deadline of 2023, have been implemented.

The measures related to the development of programs/professional training, internal training and awareness in the field of anti-corruption education were fully implemented in 2023. Organization of the training program assumes that, if a company provides the efficient functioning of promoting an ethical and upright behavior, causing a change in attitudes among its personnel, then this system may limit internal conflicts, theft of company assets and fraud, use of the company resources in purposes other than those for which they are provided, using its image in the personal benefit of employees or sabotaging the interests of the company by misconduct of employees in relation to customers or business partners or 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 his identification with the company's values, and therefore to a higher performance of the company.

The recurrent staff awareness activity had an amplitude at the level of the entire company in the field of integrity, through the actions undertaken during 2023. Thus, a significant number of employees, with relevant functions within the company, participated in the external training course "Audit of the corruption prevention system". Internally, the staff was trained on the provisions of

the Code of Ethics and Integrity, the Criminal Code regarding acts of corruption related to gifts/goods received or offered free of charge as part of protocol actions, as well as the provisions related to asset declarations and interests, conflicts of interest and incompatibilities.

At the same time, throughout the year various informative materials related to the integrity standards promoted by S.N.A. were disseminated and published, both within the organization and on the Conpet S.A. website. with the aim of preventing corruption and promoting organizational integrity.

Following the training on conflict-of-interest rules and incompatibilities, in 2023, there was also an assessment/verification of the knowledge acquired by the management staff and TESA. Consequently, the awareness and anti - corruption education program in what concerns the internal norms in terms of conflict of interests and the incompatibilities, which took place during 09.10.2023 - 20.12.2023 materialized in higher results from our employees, respectively:

- 98.2% of the total TESA staff were trained and tested, 1.8% of them to be evaluated in order to know the rules, at the start of the activity (after the end of the suspension periods) during the year 2024;
- the degree of knowledge of the norms regarding the conflicts of interest and incompatibilities is 100% (no. of employees who obtained qualifier very good and good/no.of tested employees\*100).

As per GEO no. 109 dated November 30, 2011 on the corporate governance of public enterprises, further amendments and additions and within the Program for the development of the internal control management system, elaborated in compliance with the O.S.G.G. no. 600/2018, considering the necessity of building an integrity culture inside CONPET S.A., has been revised and approved by the Board of Directors (in the meeting dated 23.10.2023), the Code of Ethics and Integrity.

The entire personnel of CONPET S.A. has been trained with regards to the company's institutional strategy, related to the expectations in conduct matters as per the Code of Ethics and Integrity, as well as related to the rights and obligations of the personnel in ethics and compliance matters. The Ethics Advisor monitored the compliance, by the organization's staff with the principles and rules of conduct and provided advice and assistance in the field of ethics in accordance with *CONPET S.A. Ethics Advisor's Work Regulation*, in force.

## **The Anti-Bribery Policy**

For CONPET S.A., doing business and process deployment by the observance of the highest standards of ethics and integrity stands for a constant preoccupation.

Acting as an operator of the crude oil, rich gas, condensate and ethane National Transport System, CONPET S.A. acceded to the anti-bribery national strategy and implemented proper integrity plans.

By the anti-bribery policy, CONPET S.A. commits not to tolerate any bribery act, not to manifest any type of sanction or retaliation against any relevant employee or third party for the refuse to be part of a bribery act and to observe 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 CONPET S.A. organization in accordance with the requirements of ISO 37001. The certificate is valid 3 years, with annual surveillance. Following the external surveillance audit of June 2023, the SRAC CERT certification body recommended maintaining the compliance certificate no. 28/13.07.2022 for the anti-bribery management system implemented in the CONPET S.A. organization.

### **Issues related to the Diversity Policy in terms of 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 proposals for candidates and the result of the vote in elections have provided each time an appropriate degree of diversity in terms of profile of administrators, coverage of professional expertise areas or age thereof.

The current Board of Directors includes 2 women and five men with professional experience in economics, engineering and law.

## **Report as per Article 8 of EU Regulation 2020/852 of the European Parliament and of the Council**

### **1. Introduction**

In addition to respecting human rights and social rights, sustainable development involves activities and projects that ensure both the limitation of climate change and the conservation of natural resources. The member states of the European Union have committed themselves to gradually reduce greenhouse gas emissions. The European Green Deal sets the goal of net zero emissions by 2050.

The European Union is the initiator of an ambitious action plan to ensure sustainable economic growth, a plan for which it formulated three precise objectives: directing capital flows to environmentally friendly investments, integrating sustainability into risk management and promoting transparency and long-term planning in financial and economic activities.

One of the measures taken as part of this plan was the implementation of the Taxonomy Regulation (EU Regulation 2020/852), a homogenous, credible, science-based legislative framework for determining activities that can be considered sustainable. The development of this classification system, a priority at the level of the European Union, was based on the extensive input of large teams of experts and included an extensive consultation process with interested parties.

The European taxonomy defines the activities considered to be durable (or "sustainable", or "green"), establishes the reporting requirements and provides, through the delegated regulations, the methodology for calculating the extent to which a company proves to be sustainable from a turnover, capital expenditure and operating expenditure perspective.

The taxonomy provides clarity and helps relevant financial market actors and government entities to identify sustainable companies and facilitate access to private sector finance for the transition to climate neutrality. At the same time, the taxonomy contributes to the prevention of the "green washing" phenomenon, by easier identification of phony projects, which are "green" only in name.

By stating the environmental objectives that determine the classification of an activity as sustainable, the EU Taxonomy contributes to the decarbonization of sectors with high emissions and the growth of sectors with low carbon emissions, thus contributing to the achievement of the objectives assumed by the EU Green Deal.

The six environmental goals set out in the Taxonomy are: mitigation of climate change, adaptation to climate change, sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems.

The regulation establishes the following four criteria that must be met to determine whether an economic activity is environmentally sustainable:

- i) The activity substantially contributes to one or more of the six environmental objectives;
- ii) The activity does not significantly harm any of the environmental objectives;
- iii) The activity is carried out in accordance with the minimum guarantees\* established in the regulation;
- iv) The activity complies with the technical examination criteria established by delegated regulations.

(\*) Note: *Minimum guarantees are procedures applied by an enterprise carrying out an economic activity to ensure alignment with the OCDE guidelines on multinational enterprises and with the UN Guiding Principles regarding business and human rights, including the principles and rights enshrined in the eight fundamental conventions identified in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and those established in the International Charter of Human Rights - Art. 18 of Regulation 2020/852*

Activities that meet the four conditions above are considered environmentally (ecologically) sustainable. If one of the four conditions is not met, the activity subject to evaluation can be considered *eligible*, but not *aligned*.

Economic activity *aligned to the taxonomy* is an activity that meets the four conditions that allow it to be classified as environmentally sustainable according to the EU taxonomy.

The *eligible* economic activity from the point of view of the taxonomy is defined as being an economic activity described in the adopted delegated acts, regardless of whether or not the said economic activity fulfills all the technical examination criteria provided in the delegated acts.

The ineligible economic activity from the point of view of the taxonomy represents, according to the definition in the Delegated Regulation, an economic activity that is not described in the adopted delegated acts.

The concrete requirements that must be taken into account in the evaluation of the substantial contribution, namely the absence of significant damages, are established by the so-called "technical selection criteria". The technical screening criteria define the specific requirements and thresholds that each activity must meet in order to be considered as significantly contributing to one environmental objective and not significantly harming others. The technical examination criteria are elaborated in the secondary legislation (delegated acts).

Starting from 2022, non-financial enterprises have the obligation to calculate the degree of alignment with the taxonomy of their performance indicators and to make available to interested parties information related to the degree of alignment with the taxonomy.

In 2021, the European Commission adopted the EU Delegated Regulation 2021/2139 (*Climate Delegated Act*) which defined the lists of eligible economic activities and the technical examination criteria for economic activities that substantially contribute to the objectives of mitigating climate change and adaptation to climate change respectively (applies from 01 January, 2022).

The EU Delegated Regulation 2021/2178 (*Delegated Act on the provision of information*) complements Article 8 of Regulation 2020/852 (*Taxonomy*) and specifies the content, calculation methodology and presentation of information regarding the key performance indicators with respect to which non-financial enterprises must provide information (applies from 01 January, 2022).

Starting from 01 January, 2023, the provisions of the EU Delegated Regulation 2022/1214 (*Complementary Climate Delegated Act*) will also apply, which amend the EU Delegated Regulations 2021/2139 and EU 2021/2178, by including, under strict conditions, the specific activities regarding nuclear energy and gas-based in the list of economic activities approved by the EU Taxonomy.

## **2. Article 8 of EU Regulation 2020/852 (Taxonomy Regulation)**

This report is drawn up in accordance with Article 8 of EU Regulation 2020/852 ("*Taxonomy Regulation*") and contains the information that must be included in the Non-Financial Statement of the company CONPET SA for the financial year 2023.

This report also ensures compliance with the provisions of the OMFP no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, modified by OMFP no. 1239/2021 for the amendment and completion of the accounting regulations applicable to economic operators and OMFP no. 85/2024 for the regulation of sustainability reporting issues.

The information complies with the reporting requirements established by EU Regulation 2020/825, supplemented by EU Commission Delegated Regulation 2021/2178 and respectively by subsequent amending acts: EU Delegated Regulation 2021/2139 and EU Delegated Regulation 2022/1214.

Article 8 of the Taxonomy Regulation requires non-financial enterprises to provide the following information:

- (a) the proportion of turnover obtained from products or services associated with economic activities that qualify as environmentally sustainable, and
- (b) the proportion of capital expenditure (CAPEX) and the proportion of operating expenditure (OPEX) related to assets or processes associated with economic activities that qualify as environmentally sustainable.

For the 2023 financial year, the three performance indicators associated with *the eligible economic activities and aligned to the taxonomy* are presented in the following sections, in correspondence with the six environmental objectives defined by the taxonomy.

### 3. Key Performance Indicators

Key performance indicators are calculated and presented in accordance with EU Delegated Regulation 2021/2178 - Annex I and II.

#### 3.1 Key performance indicators regarding turnover

The key performance indicator regarding turnover represents the share of revenues generated from eligible/taxonomy-aligned activities in total turnover.

In order to analyze the degree of alignment of the turnover with the EU Taxonomy, the company proceeded to identify the economic activities that generate income and to their comparative analysis with the activities described in the annexes to the delegated regulations.

The main activity of the company CONPET is the transportation of crude oil, rich gas, condensate and ethane through pipelines, NACE code 4950. This activity generates 99.5% of the income included in the turnover.

*The transport of crude oil by pipeline is not explicitly mentioned in the lists of taxonomically eligible activities detailed in the delegated regulations.*

In the EU Delegated Regulation 2021/2139, in the list of taxonomically eligible activities, the activity called "*Transport and distribution networks for gases from renewable sources and with low carbon dioxide emissions*" is mentioned, in position 4.14 of the annexes. When describing this activity, the regulation specifies that economic activities in this category could be associated with several NACE codes, including *H49.50 – Pipeline transport* (equivalent to NACE code 4950).

For this reason, for the analysis of eligibility from a taxonomical standpoint, the possibility of assimilating the activity of transporting crude oil through pipelines with that described in point 4.14 of the annexes of the regulation was taken into account.

The products transported through CONPET's pipelines are part of the category of fossil fuels (non-renewable) and, for this reason, cannot be assimilated with the activity specified in the taxonomy under the name "*Transport and distribution networks for gases from renewable sources and with low carbon dioxide emissions*", which refers exclusively to gases from renewable sources (biogas, hydrogen).

Thus, following the analysis of the economic activities carried out by CONPET in 2023, by comparison with the list of activities described in the delegated regulations, no eligible activities were identified from a taxonomical standpoint. The company's core business, which generates almost all of CONPET's turnover, namely the transportation of crude oil, rich gas, condensate and ethane, is not among the activities listed in the taxonomy, therefore does not fulfill the eligibility condition.

In conclusion, the turnover generated from taxonomy-aligned activities is zero, and the proportion of taxonomy-aligned turnover is consequently zero.

According to EU Delegated Regulation 2021/2178, non-financial enterprises provide contextual information on the key performance indicator on turnover.

Thus, in the table below, a breakdown of the turnover for the years 2022 and 2023 is presented, highlighting the income obtained from various economic activities.

	2022		2023	
	thousand RON		thousand RON	
<b>Revenues – crude oil transport</b>	<b>469,857</b>	<b>99.50%</b>	<b>482,873</b>	<b>99.54%</b>
Revenues from rent	1,966	0.42%	2,078	0.43%
Other revenues	410	100.00%	163	0.03%
<b>Turnover</b>	<b>472,233</b>	<b>100,00%</b>	<b>485,114</b>	<b>100.00%</b>

Table 41 - Breakdown of turnover for the period 2022-2023

PROPORTION OF TURNOVER GENERATED BY ECONOMIC ACTIVITIES ALIGNED TO THE TAXONOMY

Economic Activities	Facilitation activity category	Transition activity category													The proportion of economic activities aligned to the taxonomy in 2022	The proportion of economic activities aligned to the taxonomy in turnover - year 2023	The proportion of economic activities aligned to the taxonomy in turnover - year 2023				
		21	20	19	E	T	17	18	19	E	T	16	17	18							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	E	T	
			thous and RON	%	%	%	%	%	%										%	%	
<b>A. ELIGIBLE ACTIVITIES FROM A TAXONOMICAL STANDPOINT</b>				0%																	
<b>A.1. Environmentally Sustainable Activities (Taxonomically Aligned)</b>					0%	0%	0%	0%	0%	0%	0%								0%	0%	
					0%	0%	0%	0%	0%	0%	0%								0%	0%	
<b>Turnover corresponding to the environmentally sustainable activities (taxonomically aligned) (A.1)</b>			-	0%	0%	0%	0%	0%	0%	0%	0%								0%	0%	0%
<b>A.2 Taxonomically-eligible activities but not environmentally sustainable (non-taxonomically-aligned activities)</b>					0%	0%	0%	0%	0%	0%	0%										
					0%	0%	0%	0%	0%	0%	0%										
<b>Turnover corresponding to taxonomically eligible but environmentally non-aligned activities (taxonomically-non-aligned activities) (A.2)</b>			-	0%																	
<b>Total (A.1+A.2)</b>			-	0%																	
<b>B. TAXONOMY INELIGIBLE ACTIVITIES</b>																					
Turnover corresponding to taxonomically ineligible activities			485,114	100%																	
<b>Total (A+B)</b>			485,114	100%																	

Table 42 – The proportion of turnover generated by economic activities aligned to the taxonomy

### **3.2 Key performance indicators regarding capital expenditures (CAPEX)**

This indicator is defined as ratio between the value of the eligible investment (aligned to the taxonomy) works and the total value of the investments made in 2023.

The investment activity mainly refers to the execution of the modernization and securing of the national crude oil, rich gas, condensate and ethane transport network, the operation of which is considered, according to the analysis above, as representing an ineligible activity, therefore not aligned to taxonomy.

Thus, when calculating the performance indicator regarding capital expenditures, no expenditures related to assets or processes associated with economic activities aligned to the taxonomy were identified.

In the analysis of the degree of CAPEX alignment with the EU Taxonomy, the company also proceeded to identify those investment projects that are not directly related to the transport infrastructure, but which are found in the lists of activities defined in the delegated regulations as eligible, and which could meet the technical examination criteria imposed.

Thus, projects similar to the activities described in points "7.2. Renovation of existing buildings", "7.3 Installation, maintenance and repair of energy efficiency equipment" and respectively "7.6. Installation, maintenance and repair of renewable energy technologies", taxonomically eligible activities.

The projects that meet the taxonomy alignment conditions represent photovoltaic system installation works, which are considered to have a substantial contribution to the environmental objective "climate change mitigation" and fall into the category of facilitation activities.

For investment works that refer to the installation, maintenance and repair of energy efficiency equipment or renovation works of existing buildings, the technical examination criteria regarding the substantial contribution to an environmental objective or "to not bring significant damage", so alignment to the taxonomy could not be confirmed.

The results of the analysis related to the CAPEX key performance indicators are showcased in the following table.

PROPORTION OF CAPEX GENERATED BY ECONOMIC ACTIVITIES TAXONOMICALLY ALIGNED

Economic Activities		Substantial contribution criterion										Criteria - "To not cause significant damage"																													
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21																			
		thousan d EUR		%		%		%		%		%		%		%		%		%																					
<b>A. ELIGIBLE ACTIVITIES FROM A TAXONOMICAL STANDPOINT</b>																																									
<b>A.1. Environmentally Sustainable Activities (Taxonomically Aligned)</b>																																									
Installation/maintenance/repair of renewable energy technologies		240	0.29%	0.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	YES	N/A	N/A	N/A	N/A	YES	0.29%	0.29%	E																					
<b>CAPEX related to environmentally sustainable activities (aligned to taxonomy) (A.1)</b>		240	<b>0.29%</b>	<b>0.29%</b>	<b>0.00%</b>								0.29%	0.00%	0.29%	0.00%																									
<b>A.2 Taxonomically-eligible activities but not environmentally sustainable (non-taxonomy-aligned activities)</b>																																									
Renovation of existing buildings		212	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%																														
Installation/maintenance/repair of energy efficiency equipment		943	1.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%																														
<b>CAPEX related to taxonomically-eligible but environmentally non-aligned activities (taxonomy-non-aligned activities) (A.2)</b>		1,155	<b>1.39%</b>																																						
<b>Total (A.1+A.2)</b>		1,395	<b>1.68%</b>																																						
<b>B. TAXONOMICALLY INELIGIBLE ACTIVITIES</b>																																									
<b>CAPEX related to taxonomically ineligible activities</b>		81,453	<b>98.32%</b>																																						
<b>Total (A+B)</b>		82,848	<b>100.00%</b>																																						

Table 43 – The proportion of turnover generated by economic activities aligned to the taxonomy

### **3.3 Key performance indicators regarding capital expenditures (OPEX)**

This indicator is calculated as a ratio between eligible/taxonomy aligned OPEX and total OPEX, as defined in the Regulation.

According to the definition in point 1.1.3.1 of Annex I to EU Delegated Regulation 2021/2139, the operating expenses considered for the taxonomy alignment analysis are limited to research and development activities, building renovation, short-term leasing contracts, maintenance and repair work, as well as any other direct expenses related to the current maintenance of tangible assets necessary to ensure the continuous and efficient operation of these assets.

For the calculation of the performance indicator regarding operating expenses, the part of the above operating expenses that is related to economic activities aligned to the taxonomy is taken into account.

As previously mentioned, the core activity of CONPET is represented by the transportation of crude oil, rich gas, condensate and ethane. This activity is considered ineligible from a taxonomical standpoint, since, as shown above, it is not included as such in any of the lists of activities annexed to the delegated regulations, nor is it assimilated to any other activity in those lists, which is why it is not covered by any of the six environmental objectives.

The expenses mentioned above, considered for the calculation of the denominator of the performance indicator regarding operating expenses, represent less than 1% of the total operating expenses recorded by the company in 2023.

Due to CONPET's specific business model, operating expenses are practically entirely associated with crude oil transportation, which is an ineligible activity.

Consequently, the expenses specified in point 1.1.3.2 of Annex I to the EU Delegated Regulation 2021/2139 for the calculation of the numerator, which could be associated with taxonomically eligible activities other than pipeline transport, are considered insignificant in relation with the total operating expenses, as can be seen in the table below

	2022		2023	
	thousand RON		thousand RON	
Maintenance repairs	2,627	0.57%	2,077	0.44%
Rent expenses	169	0.04%	1,317	0.28%
Greening/ Monitoring/ Environmental documentation	2,115	0.46%	768	0.16%
<b>OPEX - (denominator definition-Reg. 2021-2178)</b>	<b>4,911</b>	<b>1.07%</b>	<b>4,162</b>	<b>0.88%</b>
Staff	180,923	39.39%	194,395	40.96%
Railway transport	61,430	13.37%	71,645	15.10%
Establishment of the modernization quota	57,321	12.48%	58,084	12.24%
Value adjustments regarding fixed assets	55,061	11.99%	63,536	13.39%
Crude oil royalty	36,511	7.95%	38,519	8.12%
Utilities	33,739	7.35%	18,597	3.92%
Other operating expenses	29,394	6.40%	25,634	5.40%
<b>Total operating expenses</b>	<b>459,291</b>	<b>100.00%</b>	<b>474,571</b>	<b>100.00%</b>

Table 44 – OPEX proportion in the total operating expenses

Considering the provisions of the same point 1.1.3.2, the company can report the zero value for the OPEX indicator, having only the obligation to present the total operating expenses, which for the year 2023, calculated according to the definition in point 1.1.3.1., had the value of approximately 4.2 million RON.

## 6. PROPOSAL OF THE BOARD OF DIRECTORS

### 6.1 Approval of the financial statements concluded on 31.12.2023

### 6.2 Approval of the allocation of net profit related to the financial year 2023

*The distribution proposal of the remaining accounting profit after deduction of the corporate tax on December 31, 2023:*

Throughout 2023, no dividends were distributed based on the interim financial statements.

The remaining accounting profit after the deduction of the corporate tax, on December 31, 2023 amounted to 61,616,539 RON.

The proposal for distribution of the remaining accounting profit after deducting the corporate tax to be distributed, to which was added the provision for the employees' share of profit in the amount of 6,000,000 RON resulting in a total distributable amount of 67,616,539 RON, is as follows:

No.	Element	GO Provision no. 64/2001	Amount - RON-
1	<b>The net profit of the financial year 2023, reported based on the annual audited financial statements</b>	-	<b>61,616,539</b>
2	The employees' share of profit within the limit of 10% of the net profit but not more than the monthly average base salary achieved at the level of the company in the financial year 2023, recognized in the provisions account	-	6,000,000
3	<b>The net profit, reinstated with the provision for the employees' share of profit (1+2):</b>	-	<b>67, 616,539</b>
a	Other distributions provided by law - exemption from paying tax on reinvested profit (account 1068), art. 22 of Law no. 227/2015 on the Fiscal Code	art. 1 para. (1) letter b)	3,725,402
b	The employees' share of profit within the limit of 10% of the net profit, but no more than the level of a monthly average basic salary achieved at the level of the company in the reference financial year	art. 1, para. (1), letter e)	6,000,000
c	Dividends due to shareholders	art. 1, para. (1), letter f)	55,891,137
d	Other reserves - own financing sources	art. 1, para. (1), letter g)	2,000,000

Table 45 Proposal for the allocation of net profit for the year 2023

The retained earnings which can be allocated, in amount of 862,397 RON, is proposed to be allocated for distribution as dividends. The statement of distributable retained earnings and its distribution shall be as follows:

No.	Destination	Amount (RON)
1.1	The retained earnings representing surplus achieved out of revaluation reserves	862,397
<b>1</b>	<b>Total retained earnings, distributed for:</b>	<b>862,397</b>
a	Dividends due to shareholders	862,397

Tabel 46 – Proposal for the allocation of the retained earnings

**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**

## **ANNEXES**

- 1) Transactions concluded as per Article 52 of GEO no. 109/2011, in the second semester of 2023
- 2) Financial and non-financial key performance indicators for 2023 of the directors with contract of mandate for the period 01.01.2023-19.10.2023
- 3) Financial and non-financial key performance indicators for 2023 of the directors with contract of mandate for the period 20.10.2023-31.12.2023
- 4) Report on the internal/management control system on 31.12.2023
- 5) List of the important contracts concluded by the company in 2023
- 6) List of litigations on 15.03.2024.
- 7) The Articles of Incorporation in force, updated on the date of 27.04.2023
- 8) C.V.s of the current administrators