

**SUSTAINABILITY REPORT
FOR 2022**



TABLE OF CONTENTS

3	Message from Mr. ION STERIAN, Director-General of SNTGN Transgaz SA
6	About the report
7	OVERVIEW
8	Overview: Economic performance
10	Overview: Environment
10	Overview: People
11	1.1 Key moments in 2022
14	1.2 Our story
20	1.3 Materiality assessment
24	1.4 Mission, Vision, and Organizational Values
25	1.5 General strategic objectives for company management
27	GOVERNANCE AND MANAGEMENT
28	2.1 Transgaz SA Shareholding
29	2.2 Executive management
35	2.3 Ethics
42	2.4 Information of risk management
51	2.5 Data protection
53	2.6 EU Taxonomy
60	2.7 Certifications, associations, awards
63	OUR BUSINESS AND PRODUCTS
64	3.1 Products/services
67	3.2 Relationships with suppliers
69	MAIN ENVIRONMENTAL ASPECTS
70	4.1 Environmental strategy
73	4.2 Environmental risk management
77	4.3 Carbon footprint and climate change
78	4.4 Energy management of SNTGN Transgaz SA
81	4.5 Waste reduction
83	PEOPLE
84	5.1 Human resources policy
85	5.2 Employees
95	5.3 Employee satisfaction and well-being
98	5.4 Corporate Social Responsibility



Dear partners,

Transgaz - "A company actively and dedicatedly contributing to the energy security of Romania, the region, and Europe." This is how we can define ourselves in 2022.

Transgaz - "A responsible company, a company of the future." This is how we can define ourselves in 2023 and in the years to come.

"A company actively and dedicatedly contributing to ensuring the energy security of Romania, the region, and Europe."

From many points of view, the year 2022 was a year with many impactful challenges regarding the development of the company and the harmonization of the activity in relation to environmental requirements.

In the context of increasing frequency and

severity of climate events, the need to adopt measures appropriate to the economic, political and social context is increasingly evident, measures that contribute to reducing the impact of the adverse effects of climate change, through concrete actions.

Romania is now more energy secure than it has ever been, and this is largely due to the initiatives of Transgaz . We are now connected by reverse flow to all countries in the region, which means we can import gas from different corridors. Following the chronological evolution of the projects developed at the company level, 4-5 years ago the only possibility of gas import was the use of the international natural gas transmission pipeline T1 (Isaccea 1 - Negru Voda 1) for the import of Russian gas, and at this moment the situation is completely different. We can import gas from Hungary, from Bulgaria, from the Caspian Sea, through TANAP pipeline and further on through TAP gas pipeline, through the Vertical Corridor, or even liquefied natural gas from the Greek or Turkish terminals. We find ourselves, for the fourth time in as many years, facing a historic moment for regional energy security and that of Romania. After the successful completion of the BRUA gas pipeline phase 1, of the Ungheni-Chisinau gas pipeline, after the completion of the works

that allow transit in reverse-flow conditions at all interconnection points and after the start of the exploitation of natural gas from the Black Sea in the shallow blocks, we are now at the starting line of the Tuzla-Podișor gas pipeline, a gas pipeline that will allow the transport of gas exploited by OMV Petrom and Romgaz from the Black Sea into the National Transmission System network and, implicitly, to every locality in Romania that has access to the natural gas network. That means development and sustainability.

Transgaz is a company with a healthy financial structure that meets all the circumstances for extensive development. The availability of own and attracted financial resources plays an important role in the development and implementation of as many investment projects as possible. We are constantly concerned, through sustained efforts, to obtain grants for the financing of investment projects with an impact on the modernization, upgrading and development of the NTS infrastructure, in order to obtain a financing mix that ensures the lowest cost in the funding of the investment program for development and modernization of the NTS. In this regard, a series of measures have been taken at European level to support the energy security of the member states.

Investment projects estimated at approximately 3.4 billion euro, which enable NTS to align with the European transmission and operational requirements, as well as with the objectives of the European Green Deal regarding decarbonisation.

For the sustainable development of the natural gas transmission infrastructure in Romania, Transgaz has undertaken an extensive investment program through the National Natural Gas Transmission System Development Plan (PDSNT) for the next 10 years. The

investment projects estimated at approximately 3.4 billion euros will enable the alignment of the NTS with the European transport and operational requirements, as well as with the objectives of the European Green Deal regarding decarbonisation.

The Development Plan of the National Gas Transmission System underwent the environmental assessment procedure in accordance with the provisions of GD no. 1076/2004 regarding the establishment of the environmental assessment procedure for plans and programs, which was completed with the issuance of the Environmental Permit no. 59 on 15.10.2021 by the Ministry of Environment, Water and Forests. The subsequent updates and changes of the Plan were notified to the Ministry of the Environment, Waters and Forests, with the Decision of the screening stage no. 1/15.02.2022 and the Decision of the screening stage no. 3/12/05/2022.

Transgaz is a key player in the Romanian energy system ensuring access to safe, affordable and clean energy for Romanian citizens and companies. Thus, we were the first to understand that the future does not arrive tomorrow, but is already here. Climate neutrality is no longer just a strategic wish, but a very topical necessity. We have started a determined approach to identify different options for decarbonising natural gas transmission networks, including achieving the goal of decarbonisation by ensuring the supply of clean and low-carbon energy. It is a regional commitment with European and even global implications, so we have a mission in front of us that we must treat with maximum responsibility. In this regard, hydrogen is a real priority for Transgaz, and the Roadmap Agreement, signed on the sidelines of the World Economic Forum in Davos, recognizes the strategic and economic importance of investments in Romania's gas pipeline infrastructure.

Transgaz has been a company listed on the Bucharest Stock Exchange for over 15 years, a company in which the corporate governance model works successfully. The achievements of Transgaz' management bear the imprint of the investments made, strategic investments to increase the energy security of Romania and the European Union.

The company's financial data mainly reflects its solid business profile as a concessionaire and operator of the natural gas transmission network in Romania. In 2022, the company recorded a 19% increase in operating profit compared to 2021.

Our guarantee for success in the face of challenges and constraints posed by the external and internal context in which the company has been operating and will continue to operate is the synergy between management strategies and the expertise and professional experience of our human resources engaged in implementing these strategies.

The sustainability report was prepared in accordance with the GRI (Global Reporting Initiative) and ESG (Environmental Social and Governance) non-financial reporting standards and aligned with national legislative requirements regarding non-financial reporting. It includes both the management policy dedicated to protecting the environment, safety and health of employees, as well as the principles underlying the company's corporate governance and the ongoing social responsibility projects.

Transgaz is the technical operator of the National Gas Transmission System (NTS) and ensures the fulfilment under conditions of efficiency, transparency, safety, non-discriminatory access and competitiveness of the national strategy regarding the domestic and international transmission of natural gas, natural gas dispatching, as well as research

and design in the specific field of its activity, in compliance with the requirements of European and national legislation, quality standards, performance, environment and sustainable development.

By sustainability, we understand the complex interconnection between economic, ecological, and social criteria that meet the needs of both the present population and future generations.

We take pride in a well-implemented and high-performing corporate governance system that enables us to effectively manage all engaged resources and maximize highly favourable conditions for long-term investments through competitive partnerships with international financial and banking institutions.

All the investment projects we carry out are strategic projects for the development of natural gas transmission, for ensuring energy security, by diversifying natural gas supply routes and import routes, for the active way in which we prepare for the use of hydrogen, represent our commitment for the sustainable development of the company and, implicitly, of our country.

Ion Sterian

Director-General
SNTGN Transgaz SA

ABOUT THE REPORT

SNTGN Transgaz SA, company with headquarters in Mediaş Municipality, street Piața C.I. Motaș no. 1, Sibiu County, code 551130, publishes this year its third sustainability report, a report in which it presents the non-financial situation of the company, in accordance with the legislation and international standards regarding sustainable development.

The following pages present the new sustainability report of SNTGN Transgaz SA (hereinafter the Company or Transgaz SA), a report covering the activity carried out between January 1, 2022 and December 31, 2022.

This report meets the legislative requirements No. 1938/2016, respectively No. 2844/2016, provided by the Orders of the Ministry of Public Finance transposing the provisions of Directive 2014/95/EU and was developed in accordance

with the Global Reporting Initiative standards (GRI Standards 2021).

The report describes how environmental, social and governance issues are addressed, and the information in the report also includes employee indicators, references to the compliance with the human rights, the fight against corruption and bribery, and a description of our business model and policies regarding the matters mentioned above.

Additionally, the report contains key non-financial performance indicators that are relevant to the activities we undertake.

The report also reflects the way in which Transgaz SA manages the material themes as they were identified following the materiality analysis process, carried out during May - June 2023.

The report starts with the message of Transgaz' Director-General and is structured as follows

<i>Overview</i>	Company Story, Financial Figures of the Current Report, and Key Moments during the Reporting Period.
<i>Governance and Management Our business</i>	Information about Company Leadership, the Importance of Ethics for Transgaz SA, Risk Management, Key Policies within the Company, and details about the Products and Services offered.
<i>Sustainability Materiality analysis</i>	Information about Transgaz' Responsible Business Model, Company's Efforts in Sustainability, Taxonomy, and details about the Materiality Analysis Construction Process.
<i>Environment People & sustainable communities</i>	Policies related to these subjects, as well as non-financial data regarding consumption, waste, personnel, training sessions, career development, and information about Transgaz SA's involvement in the community.

The information presented reflects the entire context of sustainability in which the company operates, aligned with the best practices in the field and the IPIECA (International Petroleum Industry Environmental Conservation Association) guidelines specific to the oil and gas industry regarding the activities characteristic of sustainable development.

The report shows the commitment of SNTGN Transgaz SA to openly communicate the impact of its activities on the economy, society and the environment, to all interested parties. Reporting the company's actions against GRI international standards is an important step in our strategy to contribute to a sustainable future and community development.

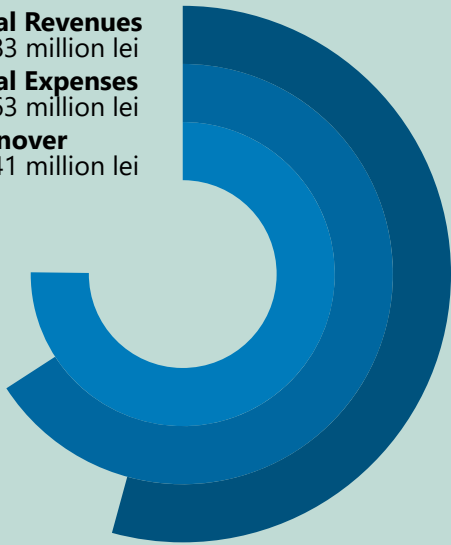


ECONOMIC PERFORMANCE

Total Revenues
3,383 million lei

Total Expenses
2,963 million lei

Turnover
2,441 million lei



TURNOVER

2,441 mil lei

+44,97%

Transgaz recorded a turnover of 2,440.92 million lei in 2022, an increase of 757.14 million lei compared to the one achieved in 2021 (1,683.78 million lei)

GROSS PROFIT

420 mil lei

+82%

The consolidated gross profit achieved on December 31, 2022, is higher by 82%, amounting to 189.326 million lei compared to the level achieved on December 31, 2021.

CONTRIBUTIONS TO
SPECIAL FUNDS

206.14
million lei

CONTRIBUTIONS TO
THE STATE AND LOCAL
BUDGETS

205.63
million lei

NET PROFIT

347 mil lei

+96,29%

The net profit of 347.07 million lei was higher than the net profit recorded in 2021 by 170.26 million lei.

Transgaz 's performance in the year ending December 31, 2022, was influenced by the following factors:

1. Increase in the turnover compared to the previous year, driven by the following factors:

- Higher revenues from the transmission activity by 191.63 mil lei. Starting from December 2022, VestmoldTransgaz SRL from Moldova provided gas delivery services of 16,588,399 MDL (4.114 mil lei).
- Higher revenues from international natural gas and related transmission by 1.89 million lei.
- Increase in revenues from balancing activity by 563.34 million lei.

2. Positive impact from financial income, with an increase of 346.16 million lei. This was primarily due to the recognition of the updated receivable for the remaining undepreciated regulated asset base at the end of the Concession Agreement, using the inflation rate for 2022. In 2021, the inflation rate was 5.05% (87.97 million lei), while in 2022, it was 13.80% (286.88 million lei). Positive impact also resulted from the income from shares recorded as a result of the reduction of EuroTransgaz' share capital by 21.67 million euro, which was received by Transgaz in the first and fourth quarters of 2022.



The revenues from transmission activities increased by **191,63 mil. lei** compared to the previous year.



The revenues from international gas transmission and related were higher by **1,89 mil. lei**



The revenues from balancing activity increased by **563,34 mil. lei** compared to the previous year.



The financial income showed an increase of **346,16 mil. lei** compared to the previous year

EBITDA

582 mil lei



The consolidated EBIT margin (8.12%) and consolidated EBITDA margin (23.83%) decreased compared to the previous year (8.97% and 28.53%, respectively).

3. The company achieved savings in other operating expenses of 17.67 million lei, mainly due to a decrease in depreciation expenses of current assets (36.93 million lei) and the capitalization of the difference between the actual costs of technological consumption higher than as approved in the transmission tariff, in accordance with the provisions of Government Emergency Ordinance 27/2022, amounting 3.35 million lei.

4. Expenses related to natural gas consumption on the transmission system increased by 76.43 million lei, driven by the following factors:

- Higher average procurement price compared to December 31, 2021, by 100.17 lei/MWh, resulting in a negative impact of 75.49 million lei.
- higher quantity of natural gas allocated for consumption in the National Transmission System (NTS) compared to December 31, 2021, by 9,171 MWh, resulting in a negative impact of 0.94 million lei.

5. Financial expenses increased by 182.44 million lei, primarily due to expenses related to transferred financial assets (108.67 million lei), interest expenses (38.40 million lei), and exchange rate differences costs (8.96 mil lei).

INVESTMENTS

302 mil lei

-63%

In 2022, Transgaz made investments amounting to 302.54 million lei, which is a decrease of 515.38 million lei or 63.01% compared to 2021. The value of the commissioned fixed assets was 270.44 million lei.



EXPENSES RELATED TO DEPRECIATION

+75.67 mil lei

Expenses related to depreciation increased by 75.67 million lei due to the completion and commissioning of major investment projects.



FINANCIAL EXPENSES

+182.44 mil lei



PROVISIONS FOR RISKS AND EXPENSES

+25.32 mil lei



OTHER OPERATING EXPENSES

-17.67 mil lei



NATURAL GAS CONSUMPTION ON NTS

+76.43 mil lei

OVERVIEW

ENVIRONMENT

17
environmental
permits

141
permits

for all crossings of
watercourses with natural
gas transmission pipelines.

ISO14001:2015
CERTIFICATION



648.113
TONS

TOTAL WASTE
GENERATED



POWER
CONSUMPTION

16,477,093
kWh



NATURAL GAS
CONSUMPTION

115,356,453
kWh



DIESEL FUEL
CONSUMPTION

1,194,452
liters



WATER
CONSUMPTION

37,700
cubic meters

OVERVIEW

PEOPLE

4,029
employees

4,018
full-time
contracts

3,905
union
members

2,915
participants in
training courses



TRAINING WITH
INTERNAL TRAINERS

49,680
hours



TRAINING AND
DEVELOPMENT COURSES

201
courses



LEADERSHIP POSITIONS
HELD BY WOMEN

30,9%
women

KEY MOMENTS IN 2022

Hydrogen

SNTGN Transgaz SA, as the operator of the National Natural Gas Transmission System (NTS), is concerned about the **potential integration of hydrogen** from renewable and low-carbon sources **into the natural gas**

transmission system in order to **achieve the specific sustainable development goals** set by the company, as well as to align with current European directives and the European Green Deal.

Relevant actions carried out at the level of SNTGN Transgaz SA in 2022

Transgaz and its Turkish counterpart, BOTAŞ, signed a Memorandum of Understanding expressing their intention to jointly support mutually beneficial projects and develop new areas of cooperation in the field of natural gas transportation, as well as for the development of hydrogen projects.

FEB 2022

The European Investment Bank (EIB) and Transgaz signed an Agreement for the provision of consultancy services for the development and implementation of a decarbonisation strategy for Romania’s natural gas transmission network.

MAY 2022

Transgaz signed the participation agreement for the Work Program of the European Hydrogen Backbone (EHB) for 2023, thereby continuing its activities within this initiative.

DEC 2022

During the annual Gas Infrastructure Europe (GIE) conference in Budapest, Transgaz, along with the Natural Gas Transmission Operators from Hungary, Poland, and Slovakia, namely FGSZ, Gaz System, and Eustream, signed a Memorandum of Understanding on the cooperation in the field of Hydrogen. The Memorandum aims to explore the possibility of widespread use of hydrogen produced from natural gas, identify hydrogen production technologies, and ensure energy transition in accordance with relevant European regulations.

APR 2022

Representatives from the Centre for Research and Technology Hellas (CERTH) extended an invitation to Transgaz to participate in their application within the framework of Horizon Europe for Small-Scale Hydrogen Valleys, as part of a “competitive multinational consortium.” Transgaz was proposed to participate as a “potential partner, in the perceived role of replication partner for green hydrogen technology and infrastructure development, to demonstrate project replicability and scalability, with the aim of facilitating further deployment of Hydrogen Valleys in Southeast Europe.” Transgaz accepted this proposal to join CERTH’s application, and the respective proposal was submitted on the EU portal on September 20th.

SEP 2022

The general objectives of the company in this field for the period 2021-2025 are as follows:

- Development of research activities regarding the acceptance of hydrogen blends in the National Gas Transmission System (NTS) and methods of introducing hydrogen into the NTS.
- Implementation of a strategy to modernize and adapt the existing natural gas transportation infrastructure for the use of hydrogen and other green gases in order to achieve decarbonisation.

Transgaz is currently conducting a PILOT PROJECT for the use of a natural gas and hydrogen blend, studying its effects on materials, measurement systems, and combustion equipment (abbreviated

as "ROHYD").

The study aims to determine the implications of transporting the methane and hydrogen blend on the National Transmission System. The project's objective is to assess the impact of the gas blend on the main equipment and technical solutions used within the NTS under normal operating conditions.

Furthermore, the pilot installation is expected to assess the impact of the gas and H2 blend on the gas distribution network, up to the end consumer, including the reduction of greenhouse gas emissions through the combustion of the natural gas and hydrogen blend.

Investments in NTS

The relevant actions carried out at the level of SNTGN Transgaz SA in 2022

At Davos, Transgaz signed a roadmap agreement with the Investment Fund of the Three Seas Initiative SA SICAV-RAIF, a commercial fund dedicated to investments in infrastructure in Central and Eastern Europe, to collaborate on the construction of a new planned natural gas infrastructure in Romania. The agreement recognizes the strategic and economic importance of investments in Romania's gas pipeline infrastructure. Given Romania's extensive domestic reserves of oil and natural gas, additional investments in natural gas transmission infrastructure are expected to foster economic development in the region, while also supporting European energy security and the energy transition in the Three Seas region.

MAY 2022

The CEO of the Slovak company Eustream has sent a letter to the CEOs of Transgaz, BulgarTransgaz and FGSZ proposing to consider using the existing infrastructure of Eustream, Transgaz, BulgarTransgaz and FGSZ as a basis for the recent strategic partnership between the EU and Azerbaijan, signed on July 18, 2022, with the aim of ensuring increased deliveries of Azeri gas to the EU in the future. All four companies have agreed to this possibility and have jointly sent a letter to the President of the European Commission outlining this proposal and the benefits of using the existing infrastructure operated by the four TSOs (Transmission System Operators). In response, President Ursula Von der Leyen welcomed this initiative in a letter of response.

AUG 2022

In Athens, SNTGN Transgaz SA, BulgarTransgaz, DESFA SA, FGSZ Ltd. and ICGB AD signed a Memorandum of Cooperation for the realization of the Vertical Corridor.

DEC 2022

In 2022, 257 km of natural gas transmission pipelines were completed and commissioned, while additional 105 km were installed. The following projects were undertaken:

- Construction of DN 700 natural gas transmission pipeline from Onești to Gherăești – Lețcani, including LOT 1 and LOT 2.
- New developments of the National Natural Gas Transmission System (SNT) for gas intake from the Black Sea shore, specifically Vadu – T1.
- Construction of DN 300 natural gas transmission pipeline from Mintia to Brad – Ștei.
- Construction of DN 250 natural gas transmission pipeline from Câmpulung Moldovenesc to Vatra Dornei.
- Construction of DN 250 natural gas transmission pipeline from Vernești to Mărăcineni.

Through the Ten-Year Development Plan of the National Gas Transmission System, for which environmental approval was obtained from the Ministry of Environment, Waters, and Forests, SNTGN Transgaz SA proposes major investment projects estimated

at 3.4 billion euro. These investments aim to strategically and sustainably develop the natural gas transmission infrastructure in Romania and align it with the applicable requirements of European regulations.





1.2

OVERVIEW OUR STORY

The National Gas Transmission Company Transgaz SA was established based on Government Decision no. 334/28 April 2000, following the restructuring of the National Gas Company ROMGAZ SA.

The company is a Romanian legal entity, operating as a joint-stock trading company, carrying out its business in accordance with the Romanian laws and its articles of incorporation.

Transgaz SA is the technical operator of the National Gas Transmission System (NGTS) and ensures the efficient, transparent, safe, non-discriminatory, and competitive implementation of the national strategy for the domestic and international transmission of natural gas, natural gas dispatching, as well as research and design in its specific field of activity. It complies with the requirements of

European and national legislation, as well as standards related to quality, performance, environment, and sustainable development.

The transmission of natural gas is carried out under the "Concession Agreement for Main Pipelines, Installations, Equipment, and Facilities of the National Gas Transmission System and the Operation of the National Gas Transmission System." This agreement was concluded between the National Agency for Mineral Resources (ANRM), as the grantor, and the National Natural Gas Transport Company "Transgaz " SA Mediaş, as the concessionaire. It was approved by Government Decision no. 668/20 June 2002 (published in the Official Journal no. 486/8 July 2002) and is valid until 2032. It was subsequently amended by seven addenda approved by Government Decision.

HISTORY

1909

Discovery of methane gas in the Sărmășel area, Mureș County.

1912

The first Transylvanian Society for "natural gas pipeline" was established in Turda.

1914

Completion of the first natural gas pipeline in Europe: Sărmășel - Turda, with a length of 55 km and a diameter of 153 mm.

1917

Turda became the first city in Europe to be illuminated with natural gas.

1917-1925

Implementation of methane gas supply in the first cities in Transylvania: Turda, Târnăveni, and Mediaș.

1925

The first natural gas metering and regulation station was built in Mediaș.

1928

The first natural gas compression station in Europe was installed in Sărmășel.

1947

Gas supply to Bucharest began.

1956

Decision to build a radial transport system starting from Transylvania to various parts of the country.

1958

Construction of the first natural gas storage facility in Romania, in Ilimbav (Sibiu County), for seasonal and hourly peak consumption, representing a European premiere.

1959

Romania became the first natural gas exporter in Europe through an intergovernmental agreement between Romania and Hungary.

1965

Romania became the first country in Europe to construct a compression station located on a trunk pipeline, equipped with turbo-compressors in Bățani.

1974

Completion of the natural gas transit pipeline from the Russian Federation to Bulgaria - Transit I.

1989

Completion of the natural gas transit pipeline from the Russian Federation to Turkey, Greece, and other countries - Transit II.

2000

Establishment of the National Natural Gas Transmission Company Transgaz SA following the restructuring of the former National Natural Gas Company "ROMGAZ" SA.

2003

Completion of the natural gas transit pipeline expansion from the Russian Federation - Transit III.

2008

Listing of Transgaz shares on the Bucharest Stock Exchange.

2013

Implementation of private management within the company.

2017

Approval of the establishment of EuroTransgaz SRL subsidiary based in Chişinău, Republic of Moldova.

2018

Acquisition of the State Enterprise VestmoldTransgaz from the Republic of Moldova.

2019

Completion of the compressor stations at Jupa and Podișor in the BRUA Phase 1 project.

2020

Completion and commissioning of the Bulgaria-Romania-Hungary-Austria Natural Gas Transmission Pipeline (BRUA Phase I) in Romania - valued at 478.5 million Euro, including 179.3 million Euro from INEA; completion of the Bibești natural gas compression station, the last one in the BRUA Phase 1 project, and the Ungheni - Chişinău gas pipeline.

2021

Completion of investments related to the developments in the northeaster part of Romania, aimed at improving natural gas supply to the area and ensuring transport capacities to/from the Republic of Moldova, as well as the Vadu - T1 pipeline for taking over gas from the Black Sea shore.

7 April 2022

Signing of a Memorandum of Understanding on Hydrogen cooperation between Transgaz and the gas transmission system operators of Hungary, Poland, and Slovakia (FGSZ, Gaz System, and Eustream) in Davos

16 May 2022

The European Investment Bank (EIB) and Transgaz signed an agreement for consultancy services to develop a decarbonisation strategy for Romania's natural gas transmission network.

22 May 2022

Signing at DAVOS between Transgaz and the Three Seas Initiative Investment Fund - 3SIIF, of a Road Map Agreement to invest in Romania's natural gas infrastructure.

8 December 2022

Transgaz signed the participation agreement in the European Hydrogen Backbone (EHB) Work Program for 2023, continuing the activities started within this initiative.

16 March 2023

Signing of the ceremonial declaration by SNTGN Transgaz SA, OMV-Petrom SA, and SNGN Romgaz SA regarding the conclusion of natural gas transmission contracts resulting from the capacity booking procedure for Tuzla the NTS entry/exit point for natural gas from the Black Sea.

Transgaz SA is carrying out the following activities²

Domestic transmission of natural gas

A regulated monopoly activity, with tariffs set based on the methodology issued by the National Energy Regulatory Authority.

International transmission of natural gas

An unregulated activity carried out through dedicated pipelines, with tariffs set in accordance with the commercial contracts

Dispatching of natural gas and research and design in the field of natural gas transmission

Domestic transmission

The domestic natural gas transmission activity is carried out by Transgaz based on the license for operating the natural gas transmission system, no. 1933/20.12.2013, issued by the National Energy Regulatory Authority (ANRE), valid until 08.07.2032.

The domestic natural gas transmission service ensures the fulfilment of Transgaz' obligations to provide network users with services of access to the NTS based on equivalent, non-discriminatory, and transparent contractual conditions and clauses. The natural gas transmission contracts signed

with service beneficiaries comply with the regulated framework contract and provide the legal framework for the provision of firm and interruptible transmission services.

The transmission of natural gas quantities is carried out from the commercial delivery/receipt points at the NTS entry to the commercial delivery/receipt points at the NTS exit. The natural gas required to cover the technological consumption and balance the National Transmission System is the responsibility of Transgaz.

According to the transmission services contracted in 2022, the total quantity transported was 139,672,553.65 MWh (13,032,066.10 thousand cubic meters).

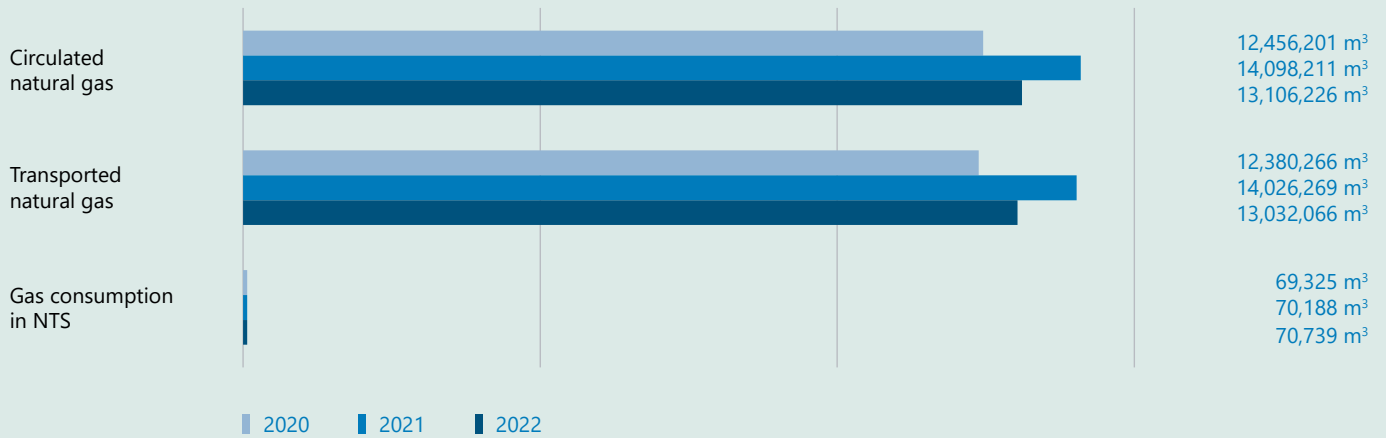
	Quantity	Percentage
Distributions	73,312,107.71 MWh (6,846,782.38 tcm)	52,49%
Direct consumers	27,098,626.08 MWh (2,533,026.91 tcm)	19,40%
Storage	29,096,507.18 MWh (2,722,569.76 tcm)	20,83%
Export through IP Csanadpalota, Giurgiu Ruse, Negru Vodă, Ungheni	10,165,312.68 MWh (929,687.05 tcm)	7,28%

1. "Transgaz" SA may carry out complementary other related activities to support the core business, in accordance with the legislation in force and its own articles of incorporation, being able to purchase gas from domestic or imported production, only for the purpose of own technological consumption or balancing the System National Gas Transmission.

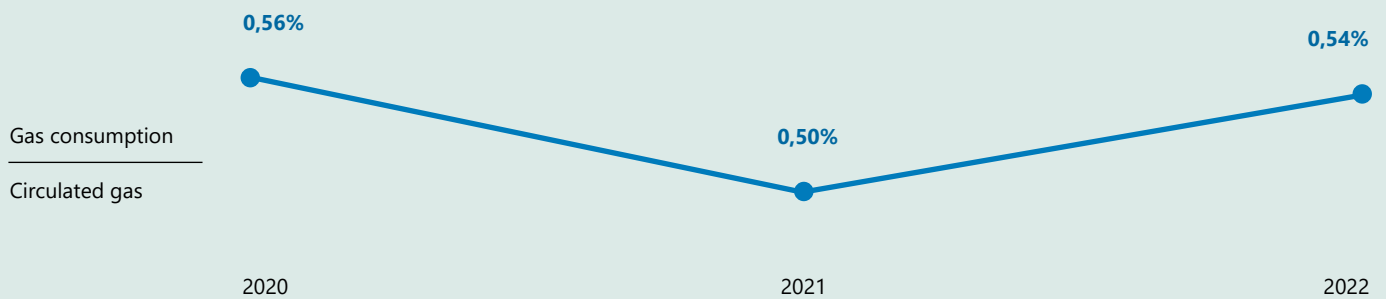
The transmission of natural gas is ensured through over 13,978 km of pipelines and gas supply connections with diameters ranging from

50 mm to 1,200 mm, at pressures ranging from 6 bar to 63 bar.

Quantities of natural gas circulated, transported, including those intended for underground storage and NTS gas consumption during the period 2020-2022.



The share of natural gas consumption in the NTS in the total natural gas circulated in the NTS, including that intended for storage, during the period 2020-2022.



International transmission

The activity of international natural gas transmission is carried out by Transgaz, based on the license for operating the natural gas transmission system, no. 1933/20.12.2013, issued by the National Energy Regulatory Authority (ANRE), valid until 08.07.2032, in accordance with the Energy and Natural Gas Law no. 123/2012, as amended

as well as with the current specific regulations.

The activity of international natural gas transmission takes place in the Southeast region of the country (Dobrogea), where the Romanian pipeline sector between the localities of Isaccea and Negru Vodă is part of

the Balkan corridor for international natural gas transmission from Russia to Bulgaria, Turkey, Greece, and Macedonia.

Ensuring the quality of the transmission service is a constant concern for both SNTGN Transgaz SA and the National Energy Regulatory Authority. In order to monitor the quality of the natural gas transmission service based on specific indicators and minimum performance

levels, the **Performance Standard for natural gas transmission system service**, approved by ANRE Order no. 161/26.11.2015, was implemented since October 1, 2016. As of October 1, 2022, the Performance Standard for natural gas transportation system service, approved by ANRE Order no. 140/22.12.2021, as amended, came into force.





1.3

OVERVIEW

MATERIALITY ASSESSMENT



We attach great importance to dialogue with stakeholders, involving them in various processes of our development.



We communicate with stakeholders effectively and respond promptly to concerns related to common issues.

This is the third Sustainability Report of SNTGN Transgaz SA, and it was prepared using the recommendations of the GRI (Global Reporting Initiative) standards.

To establish the structure and content of our report, we have reassessed the material topics identified in the previous year, which are the areas where our company can have a significant impact. Subsequently, we initiated a consultation process with our stakeholders through an online questionnaire to understand their perceptions regarding these topics.

During the consultation process, we included the following categories: employees, management, the financial sector (banks, investment funds, market analysts), key resident shareholders of Transgaz, customers and users of the infrastructure (producers, traders, distributors, consumers, market operators), public institutions (ministries, central and local public administrations, regulatory institutions), the community (academic and scientific institutions), media (specialized press), and national associations of which Transgaz is a member.

Method of Stakeholder Consultation

Online questionnaire addressed to internal and external stakeholders.

Result/Goal

Quantifying the company's impact on the company for each identified material aspect. (542 responses)

The categories of stakeholders involved in the materiality process are as follows

- | | | | |
|------------|---|-----------|---|
| 408 | Employees in executive positions | 10 | Public institutions (ministries, central and local public administrations, regulatory institutions) |
| 62 | Employees in management positions | 2 | Media (specialized press) |
| 9 | National associations of which Transgaz is a member | 5 | Key resident shareholders of Transgaz |
| 28 | Customers and users of the infrastructure (producers, traders, distributors, consumers, market operators) | 15 | Financial sector (banks, investment funds, market analysts) |
| 3 | Community (academic and scientific institutions) | | |

The consultation with all stakeholder categories began with an analysis of the company's value chain and the identification of material topics derived from the main risks and opportunities.

These identified material topics were agreed upon with Transgaz management, and based on them, an online questionnaire was developed and used in our communication with all the mentioned stakeholders.

Stakeholder consultation is an ongoing activity for us, and feedback about Transgaz SA's

operations and stakeholders' expectations in the short and medium term is obtained by our colleagues from various departments.

All the feedback we receive is thoroughly analysed within the company, and to the extent possible, these recommendations are incorporated into the programs we develop and our overall operations.

Analysis of key points in the sector of activity

- Analysis of global trends and changes that have affected/will affect the sector in which we operate.
- Value chain analysis.
- Analysis of emerging challenges.
- Analysis of identified opportunities and risks.
- Environmental risks.

Impact analysis

- Analysis of the needs of internal and external stakeholders.
- Engaging stakeholders through various methods (interviews and questionnaires).

Integration of answers

- integration of answers
- building the materiality matrix

The matrix of materiality

- validation of the materiality matrix
- the final version of the materiality matrix

Following the materiality analysis, with the help of the stakeholders involved, we managed to discover the areas of action and group the points into four large categories



Environment

Energy consumption

Water consumption /
Water management

Air quality (gas leaks, etc.)

Responsible use of
materials/resources

Waste management

Compliance with
environmental laws and
regulations

Sustainable procurement
(efficiency and transparency
of interaction with
suppliers, procurement
from local partners)

Climate Change and
Transition Strategy to
renewable energy sources

Carbon footprint reduction
and decarbonisation policy

Biodiversity

Assessment of suppliers'
impact on the environment
/ Sustainability in the
supply chain



Company and employees

Social impact on local
communities

Social responsibility (CSR
activities)

Responsible employer

Occupational health and
safety

Diversity and inclusion

Human resource
development (Vocational
education and training)

Customer health and
safety



Governance

Ethics and integrity

Anti-corruption and
bribery

Non-discrimination

Protection of human
rights at work

Data protection and cyber
security

Incident and emergency
management



Economic

The contribution of SNTGN
Transgaz SA to
performance and economic
growth of the country

Performance and
economic growth

Quality and availability of
services

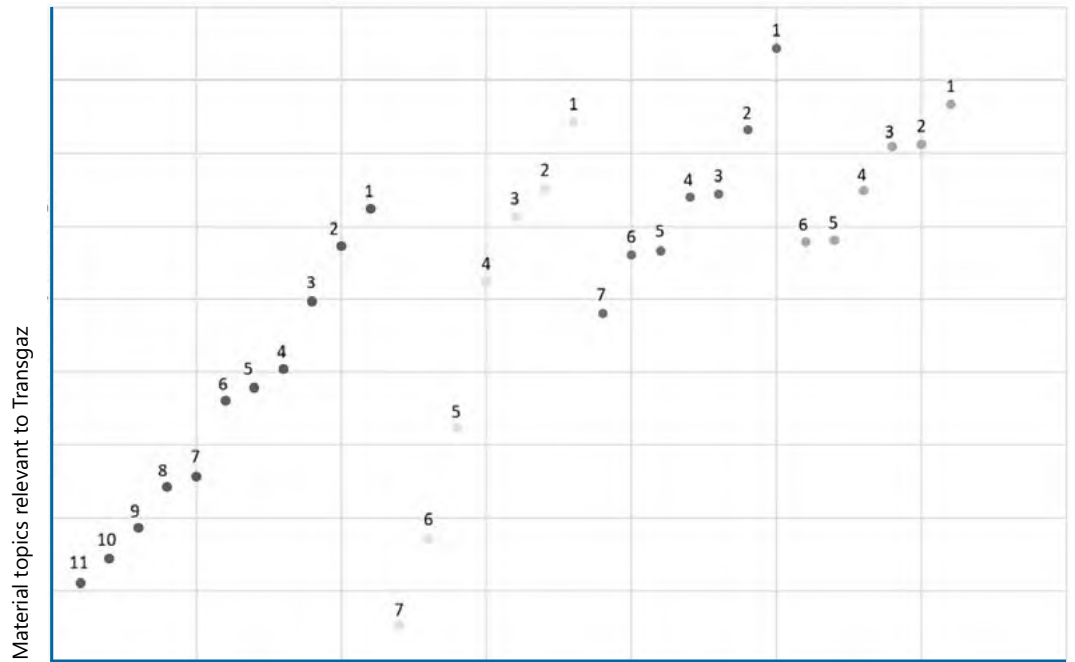
Availability and capacity
of the natural gas
transmission system in
relation to long-term
demand

Efficiency of the SNTGN
network in relation to
the transported volume
(technological consumption)

Infrastructure Investments
(Network Technology)

Network security

After aggregating the answers received from all internal and external stakeholders, the materiality matrix below was built.



The importance of Transgaz ' strategic decisions on society

ENVIRONMENT	SOCIAL	ECONOMIC	GOVERNANCE
1 Air quality (gas leaks, etc) and pollution	1 Health and safety at work	1 Network security	1 Protection of human rights at work
2 Compliance with environmental laws and regulations	2 Human resource development (Vocational education and training)	2 Investments in infrastructure (Technology of the network)	2 Data protection and cyber security
3 Responsible use of materials / resources	3 Responsible employer	3 Availability and capacity of the natural gas transmission system in relation to long-term demand	3 Anti-corruption and bribery
4 Management/Waste management	4 Customer health and safety	4 The efficiency of the SNTGN network in relation to the transported volume (technological consumption)	4 Non-discrimination
5 Energy consumption	5 Social impact on local communities	5 Quality and availability of services	5 Incident and emergency management
6 Sustainable procurement (efficiency & transparency of interaction with suppliers, procurement from local partners)	6 Social responsibility (CSR activities)	6 Performance and economic growth	6 Ethics and integrity
7 Strategy on climate change and the transition to energy from renewable sources	7 Diversity and Inclusion	7 Contribution of SNTGN Transgaz SA to performance and economic growth of the country	
8 Carbon footprint reduction and decarbonisation policy			
9 Water consumption / Water management			
10 Supplier Impact Assessment on the environment / Sustainability in the supply chain			
11 Biodiversity			

MISSION, VISION AND ORGANIZATIONAL VALUES



MISSION

Fulfilment in conditions of efficiency, transparency, safety and competitiveness of the national energy strategy established for the domestic and international natural gas transmission, dispatching of natural gas and research – design in the field of natural gas transmission.

VISION

Transgaz SA intends to become an operator with recognition on the international natural gas market, a leader on the energy market in the region, with a modernized, intelligent national natural gas transmission system, integrated at European level and with a high-performance management system, aligned to performance standards and international legislative regulations.

VALUES

Professionalism and performance

Team spirit

Responsibility for people and the environment

Mutual respect



1.5

OVERVIEW

GENERAL STRATEGIC OBJECTIVES REGARDING THE ADMINISTRATION OF THE COMPANY

The 2021-2025 general policy statement, a document signed and undertaken by the company's management, outlines and communicates the company's vision and mission, the organizational values that define business ethics, as well as the strategic objectives and directions of action, which are aligned with the European energy policy.

The **general objective** of SNTGN Transgaz SA is to carry out the natural gas transmission service in safe and efficient conditions, according to the legislation in force and to the performance

standards in order to develop a solid and high-performing future for the national natural gas transmission infrastructure of the Romanian energy sector.

The **strategic objectives** and action directions of the company are aligned with the requirements of the European energy policy regarding SAFETY AND ENERGY SECURITY, COMPETITIVENESS and SUSTAINABLE DEVELOPMENT as well as with the UN Sustainable Development Goals, and are grouped into four perspectives of the BALANCE SCORECARD.



THE STAKEHOLDER PERSPECTIVE

Strategic objective

The continuity of activity and ensuring ENERGY SAFETY AND SECURITY

Action directions

- increasing the security level of the NTS and ensuring the supply of natural gas;
- creating the necessary technical conditions for the development of the natural gas market;
- modernization of the Corporate Governance system



THE INTERNAL PROCESSES PERSPECTIVE

Strategic objective

Increasing the degree of COMPETITIVENESS of the company

Action directions

- the development and modernization of all operational processes;
- increasing energy efficiency and reducing the negative impact of technological processes on the environment



THE PERSONAL DEVELOPMENT PERSPECTIVE

Strategic objective

Increasing the degree of SUSTAINABLE DEVELOPMENT of the company

Action directions

- optimization of human resources management processes through the optimal dimensioning of human resources needs in relation to the real activity and development needs of society, improving the process of training, training and professional development of staff, improving occupational safety and security;
- alignment with the European regulations incident to the company's activity and ensuring sustainability.



THE FINANCIAL PERSPECTIVE

Strategic objective

Maintaining the financial balance and improving the performance of the activity

Action directions

Ensuring sustainable financial, economic and social performance.

It is important that all Transgaz SA employees, regardless of their hierarchical position within the company, understand the general policy statement, know the strategic objectives

for the development of the company and make, together with the management, all the necessary efforts to achieve the assumed objectives with maximum efficiency.



CHAPTER 2

GOVERNANCE AND MANAGEMENT

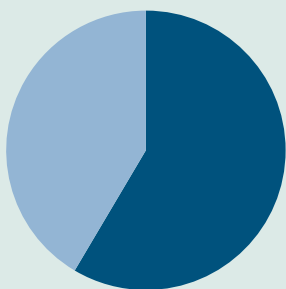


2.1

GOVERNANCE AND MANAGEMENT
TRANSGAZ SA SHAREHOLDING

Transgaz 's shareholding structure

as at 31 December 2022



The Romanian State
 via the General Secretariat of the Gov't

58.5097%
 6,888,840 shares

Other shareholders
 Natural or legal persons

41.4903%
 4,885,004 shares

11,773,844
 Total number of shares

SNTGN Transgaz SA is organized and operates as a joint-stock company, pursuant to the provisions of Law no. 31/1990, regarding commercial companies, republished and its Articles of Incorporation approved by G.D. no. 334/2000.

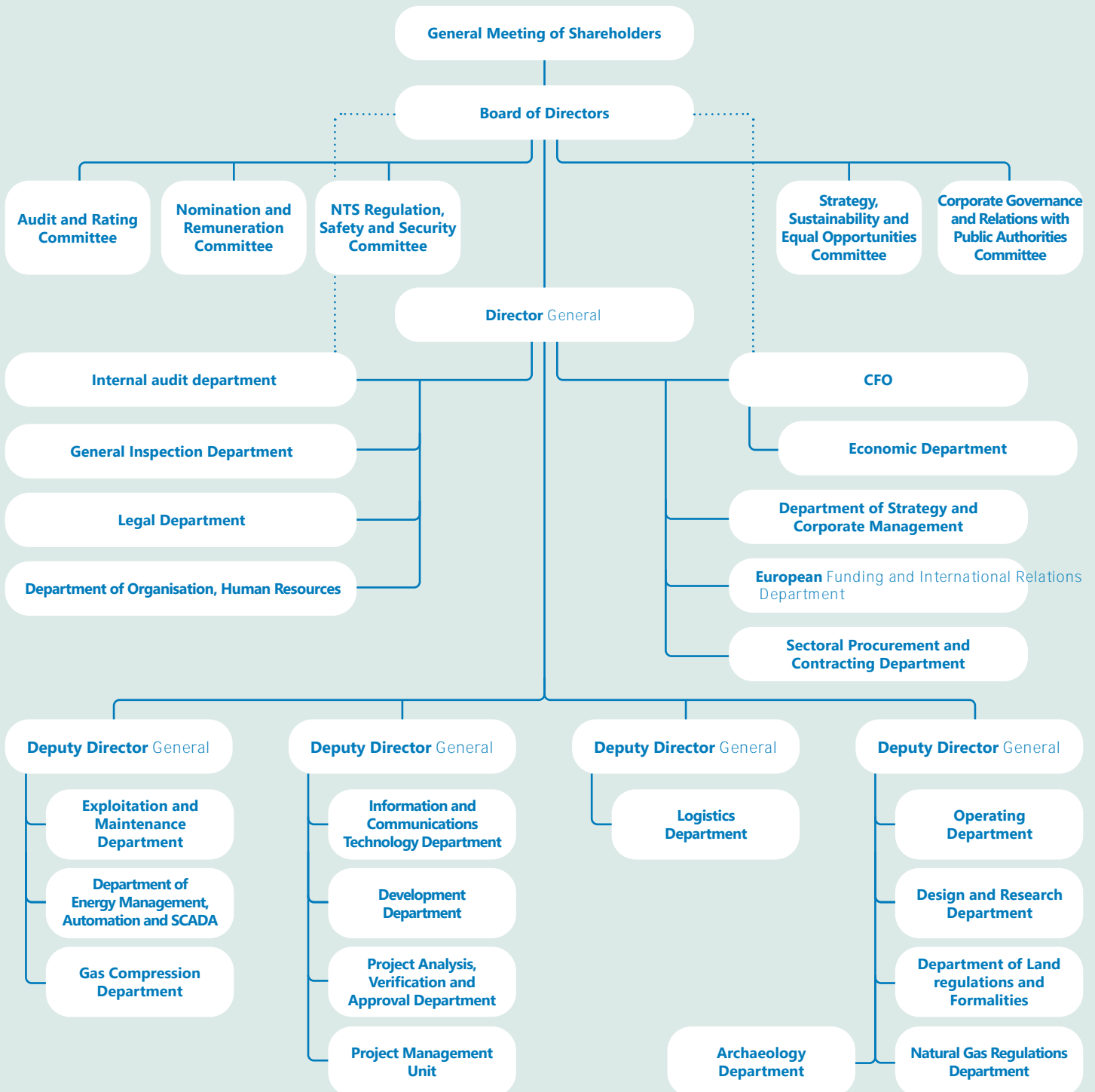
The share capital of SNTGN Transgaz SA on 31 December 2022 consisted of 11,773,844 registered, ordinary, dematerialized, indivisible, freely tradable shares, from the date of admission to trading on the regulated market administered by the Bucharest Stock Exchange, with a nominal value of Lei 10 /share. Each share gives the holder a right to vote, under the conditions provided by law.

EXECUTIVE MANAGEMENT

The current organizational structure is of a mixed type: hierarchical - functional with major staff, combined with elements of the matrix structure. In this way, the advantages of a pyramidal structure are combined: the unit of action, the unit of design, the correlation of objectives, the harmonisation of resources, the standardisation of procedures, the informational, operative ensemble, effective verification, discipline, etc., with those of the

functional structure: the unit of conception, optimal use of specialists, application of "best practices" (methodologies, procedures), functional and operational autonomy, initiative, etc. Also, the current structure ensures the balance between decentralization - autonomy: corroboration of responsibility at the lowest level, management by objectives/budgets, a well-defined medium and long-term strategy.

The organizational structure of SNTGN Transgaz SA

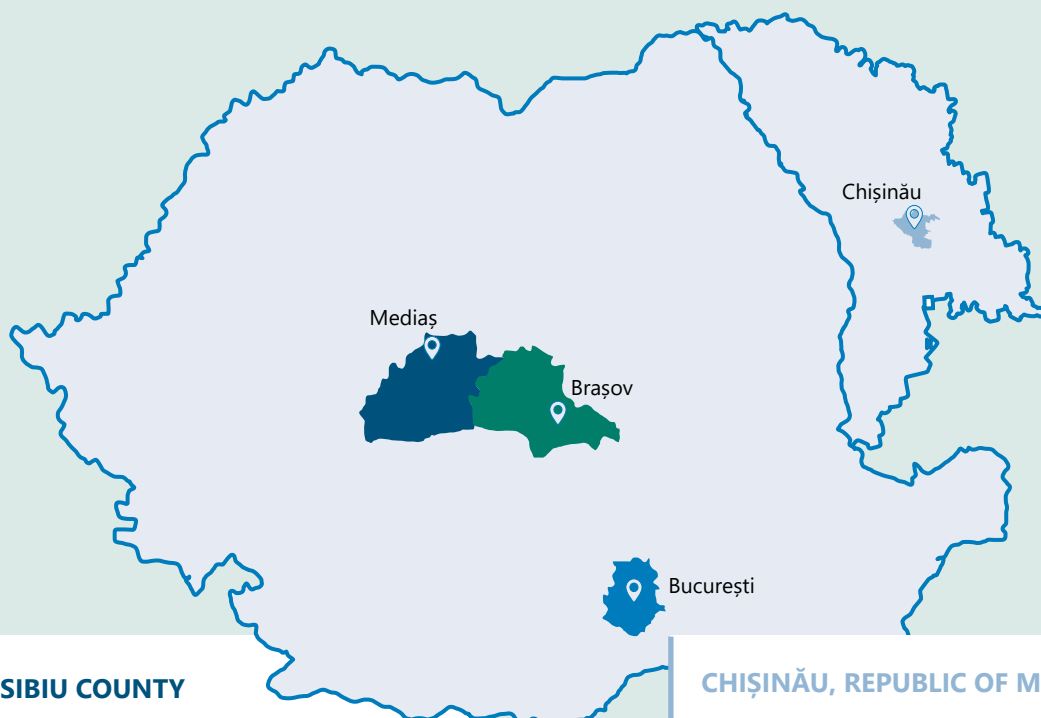


The organisational structure

By Order no. 3/ 22 January 2014 of the National Energy Regulatory Authority, regarding the approval of the certification of the National Natural Gas Transmission Company "Transgaz " SA as a transmission and system operator of

the National Natural Gas Transmission System, it was set that the company would be organized and operate according to the "independent system operator".

SNTGN Transgaz SA carries out its activities at the headquarters, secondary office, and branch office, as follows



MEDIAȘ, SIBIU COUNTY

- 📍 **Transgaz headquarters**
Mediaș city, Piața C.I. Motaș Street, no.1, Sibiu County, postcode 551130;
- 📍 **Operation and Maintenance Department**
Mediaș city, George Enescu Street, no. 11, Sibiu County, postcode 551018;
- 📍 **Design and Research Department**
Mediaș city, Unirii Street, no.6, Sibiu County, postcode 550173;
- 📍 **Transgaz secondary headquarters**
Mediaș city, I.C. Brătianu Street, no.3, bl. 3, ap. 75, Sibiu County.

BRAȘOV, BRAȘOV COUNTY

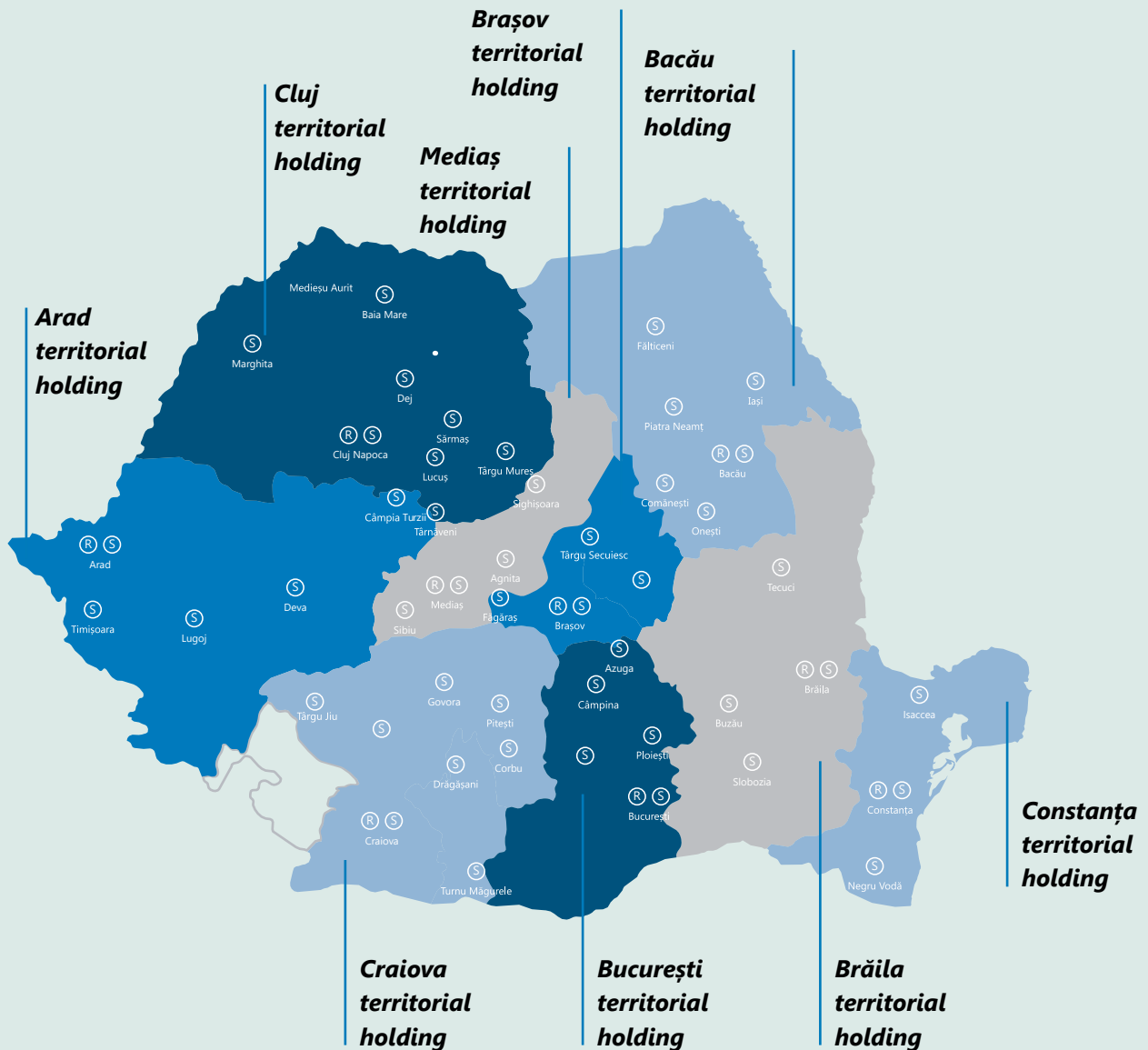
- 📍 **Research & Design Workshops**
Brașov, Nicolae Titulescu Street, no. 2

CHIȘINĂU, REPUBLIC OF MOLDOVA

- 📍 **Limited Liability Company "EUROTRANSGAZ "**
Șoseaua Balcani Street, no. 7/E, extra muros, Ghidighici village, Chișinău city
- 📍 **Limited Liability Company "VESTMOLDTRANSGAZ "**
Șoseaua Balcani Street, no.7/E, extra muros, Ghidighici County, Chișinău city

BUCUREȘTI

- 📍 **București Gas Market Operations**
București city, Calea Dorobanți Street, no. 30, sector 1, postcode 010573
- 📍 **Transgaz - Romania Representative Office**
Bucharest city, Primăverii Boulevard, no. 55
- 📍 **General Inspection Department**
Bucharest city, Calea Victoriei Street, no.



Arad territorial holding

Poetului street, no. 56, Arad town, Arad county, postcode 310069

Bacău territorial holding

George Bacovia street, no.63, Bacău city, Bacău county, postcode 600238

Brăila territorial holding

Ion Ghica street, no. 5, Brăila town, Brăila county, postcode 810089

Braşov territorial holding

Griviţei Boulevard, no. 102A, Braşov city, Braşov county, postcode 500449

Bucharest territorial holding

Lacul Ursului street, no. 24, sector 6, Bucharest, postcode 060594

Cluj territorial holding

Crişului street, no.12, Cluj-Napoca city, Cluj county, postcode 400597

Craiova territorial holding

Arhitect Ioan Mincu street, no. 33, Craiova city, Dolj county, postcode 200011

Mediaş territorial holding

George Coşbuc street, no. 29, Mediaş city, Sibiu county, postcode 551027

Constanţa territorial holding

Albastră street, no.1, Constanţa city, Constanţa county, postcode 900117

Mediaş Branch

Şoseaua Sibiului street, no. 59, Mediaş city, Sibiu county

SNTGN Transgaz SA is administered in a unitary system by the Board of Administration. There is a separation between the non-executive control function (non-executive administrator) and the executive function (directors) – mandatory separation, in the case of joint-stock companies whose annual financial statements are subject to a legal audit obligation.

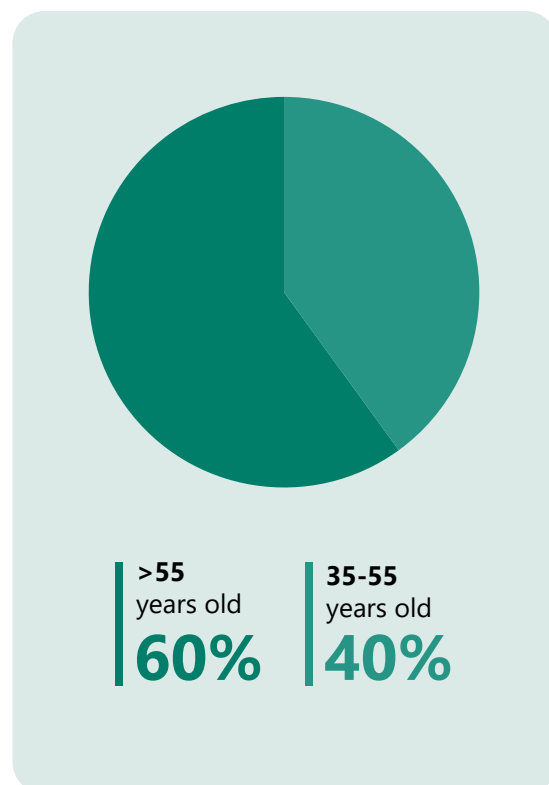
The Board of Administration delegated the management of the company to the Director General of Transgaz. The Director General of Transgaz represents the company in relations with third parties and is responsible for taking all management-related measures, within the scope of the company's activity and in compliance with the exclusive powers reserved by law or the Articles of Incorporation or assigned by the Board of Administration and the General Meeting of Shareholders.

The company has established a Nomination and Remuneration Committee that coordinates the process of appointing the members of the Board of Administration and makes recommendations, both for the position of administrator and for the filling of vacant positions within the Board, according to GEO no. 109/2011 on the corporate governance of public enterprises with subsequent amendments and additions.

In the situation where a seat becomes vacant within the Board of Administration as a result of the resignation of a member, the election of a new member is made under the conditions provided by law. The term for which the new administrator is elected to fill the vacancy shall be equal to the period remaining until the expiration of the mandate of his predecessor.

Members of the Board of Administration of SNTGN Transgaz SA as at 31.12.2022⁴

ION STERIAN Executive Administrator Appointed Director General
PETRU ION VĂDUVA Non-executive administrator
NICOLAE MINEA Independent non-executive administrator
OROSZ CSABA Provisional non-executive administrator
GHEORGHÎĂ AGAFIȚEI Provisional non-executive administrator



4. CVs of the members of Transgaz' Board of Administration are available on the company's website at: <https://www.Transgaz.ro/ro/despre-noi/consiliul-de-administratie>

Executive Management

The members of the executive management of the company, with the exception of the General Director and the financial director/CFO, are employees of the company, being employed with an individual

employment contract for an indefinite period. The management and execution staff within Transgaz are hired, promoted and fired by the Director General, based on the duties delegated by the Board of Administration.

ION STERIAN

Director General
SNTGN Transgaz SA

MARIUS VASILE LUPEAN

Financial Director/CFO
SNTGN Transgaz SA

MIHAI LEONTIN LEAHU

Deputy Director General
SNTGN Transgaz SA

ALEXANDRU IUGA

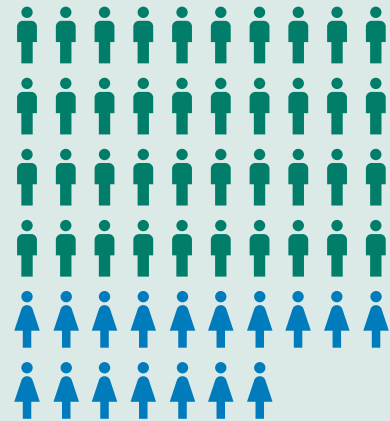
Deputy Director General
SNTGN Transgaz SA

GRIGORE TÂRSAC

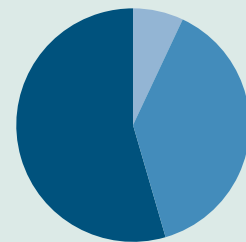
Deputy Director General
SNTGN Transgaz SA

ALEXANDRU ADRIAN SIMIONESCU

Deputy Director General
SNTGN Transgaz SA



40 men	17 women
70,2%	29,8%



>50 yo	40-50 yo	30-40 yo
54,5%	38,5%	7%

The structure of the management team of VESTMOLDTRANSGAZ SRL as at

MIHAI LEONTIN LEAHU

The President of the Board of the Company on behalf of SNTGN Transgaz SA

MARIUS CONSTANTIN STOICA

Member of the Board of the Company on behalf of SNTGN Transgaz SA

OCTAVIAN COSTAŞ

Member of the Board of the Company from the EBRD

SANDA POP-GÎSCĂ

Member of the Board of the Company on behalf of SNTGN Transgaz SA

CRISTINA IANCU

Member of the Board of the Company on behalf of SNTGN Transgaz SA

LIVIU VALENTIN DUMINIŢĂ

Company Administrator



The structure of the management team of EuroTransgaz on 31.12.2022

DAN NICULAE-FARANGA

Administrator

VASILICA GRĂJDAN

Administrator

LUMINIŢA ZEZEANU

Administrator

ETHICS

The Code of Ethics of the National Natural Gas Transmission Company "Transgaz " SA includes the set of values and conduct principles, responsibilities and obligations that define the quality of professional activity with the role of serving as a mandatory line of conduct and increasing the responsibility and involvement of contractual staff within SNTGN "Transgaz " SA, so that it carries out a competent and responsible activity, in accordance with professional ethics.

The internal regulatory framework prohibits discrimination and the use of practices that could disadvantage people based on sex,

ethnicity, age, disabilities in connection with the announcement, organization of contests, interviews, exams and selection of candidates for vacant positions; conclusion, suspension, modification and/or termination of the legal employment relationship; the establishment or change of the duties in the job description/ work instructions; the determination of salary and rewards or benefits other than those of a salary nature; professional information and advice; evaluation of individual performances; professional promotion; the application of disciplinary measures; the right to join the trade union and benefit from the facilities granted by it.

The principles which govern the professional conduct of the contractual staff of SNTGN Transgaz SA

Professionalism

The obligation to perform the duties of the job with responsibility, competence, efficiency, fairness and conscientiousness.

The priority of company's interest

The staff has the duty to consider the interest of the company above the personal interest, in the exercise of the duties related to the position.

Impartiality and non-discrimination

The staff is obliged to have an objective attitude, neutral towards any political, economic, religious or other interest, in the exercise of the duties of the job.

Moral integrity

The staff is prohibited from requesting or accepting, directly or indirectly, for themselves or for another, any advantage or benefit, moral or material, or to engage in activities, directly or indirectly, that would give rise to a conflict of interests.

Freedom of thought and speech

Staff can express and justify their opinions, respecting the law and good morals.

Honesty and fairness

The staff must act in good faith and for the proper performance of their duties.

Confidentiality

The staff has the obligation during the contract concluded with SNTGN Transgaz SA, but also after its termination, not to transmit data or information of a confidential nature that they became aware of during the execution of the contract.

Loyalty

The staff must show loyal behavior towards the company, and the company encourages and ensures access to professional training and continuous development, stimulating and rewarding performance at work.

SNTGN Transgaz SA can be notified by company personnel regarding:

- the violation of the provisions of this code by SNTGN Transgaz SA contractual staff;
- the coercion or threat exerted on them to determine them to violate the legal provisions in force or to apply them improperly

The contractual staff within SNTGN Transgaz SA who reports or suspect a violation of the provisions of this Code of Ethics can directly address the Ethics Counselor at the company level or at the Territorial Holding level or at the e-mail address etica@Transgaz.ro.

Following the adoption of the Government Decision, no. 1269/December 17, 2021 regarding the approval of the National Anticorruption Strategy for the period 2021–2025 (SNA), at the company level, in 2022, a series of activities associated with the Strategy's objectives were carried out⁵.

Preventing and fighting fraud and corruption is a priority for SNTGN Transgaz SA, which shows a constant concern for improving the quality of management by introducing effective measures to prevent corruption.

5. Also, other actions were carried out that complement the activities carried out by the company in order to increase the level of integrity additional to the objectives established in the National Anticorruption Strategy, such as:

- *the content of the Declaration of Confidentiality and Impartiality submitted within the public procurement procedures was completed, with the provisions of art. 135 paragraph (2), (3), and (4) of GD 394/2016 which provides in paragraph (4): "Members of the evaluation commission and co-opted external experts have the obligation to comply with the rules for avoiding the conflict of interests provided for in Art. 71-77 of the law";*
- *verification was carried out, by survey, of the way to fill in the Confidentiality and Impartiality Declaration within the procurement procedures;*
- *the Competition Policy Implementation Service was established in order to comply with the provisions of Competition Law no. 21/1996 with subsequent amendments and additions;*
- *the strategy documents of the Competition Law Compliance Policy, as well as the Implementation Strategy and the Action Plan, were developed, submitted for analysis and also approved;*
- *a series of materials necessary in the training process and in order to strengthen the internal culture of integrity were developed.*

Activities associated with the objectives of the Strategy

Approval of the agenda on the adherence to the fundamental values, principles, objectives and monitoring mechanism of the SNA 2021-2025

Designation of the persons responsible for providing the technical secretariat for the implementation of the 2021-2025 SNA

Development of the Register of corruption risks for SNTGN Transgaz SA

Development of the integrity plan of SNTGN Transgaz SA

Drafting and approval of the Declaration of compliance with competition rules, the Policy in the field of competition and the Strategy of compliance with competition law

Participation in work sessions for the adoption of the Methodology for monitoring the implementation of the National Anti-Corruption Strategy 2021-2025

Facilitating the access of SNTGN Transgaz SA employees to the new SNA portal

Informing the company's employees about all the changes made and publishing the documents on the company's intranet

Compliance Policy

Compliance means ensuring compliance, in the activity carried out, with the legal framework and regulations, with supervisory requirements, with internal rules and decisions.

In order to achieve this objective, Transgaz SA undertakes to maintain high legal, ethical and moral standards, adhere to the principles of integrity, objectivity and honesty and declares itself against fraud and corruption.

Transgaz SA firmly expresses its commitment to fight this phenomenon by all the legal means at its disposal.

The anti-fraud and anti-corruption policy reinforces the message of SNTGN Transgaz SA: "Zero tolerance to fraud and corruption of any type and under any circumstances"

Transgaz developed and adopted the set of policies aimed at:

- Anti-fraud and anti-corruption policy;
- Transgaz Integrity Plan;
- The best practice guide adopted on 18.02.2010 by the Council of the Organization for Economic Cooperation and Development

Measures adopted to prevent acts of corruption, at the organizational level and at the employee level respectively

ORGANISATIONAL	EMPLOYEES
<p>Computerization of internal processes;</p> <p>Identifying vulnerable areas and corruption risks;</p> <p>Implementation of a corruption risk management system;</p> <p>Establishing a complaint management and evaluation system (customer satisfaction survey/feedback) of the processes in order to improve them.</p> <p>Employees of S.N.T.G.N. Transgaz SA who have suspicions regarding the violation of the law or internal rules, can report possible violations or crimes to the e-mail address integritate@Transgaz.ro.</p> <p>No integrity incidents were recorded during 2022.</p>	<p>Increasing the level of professional and civic education of employees, as well as assuming the obligations of professional conduct and ethics;</p> <p>Informing employees about how to report acts of corruption and the institutions that deal with preventing and fighting corruption;</p> <p>Creating a strong organizational culture to discourage acts of corruption;</p> <p>Categorical rejection of temptations offered in exchange for defective performance or non-fulfilment of service duties (amounts of money, goods, services, advantages, etc.);</p> <p>Inventory of vulnerable points and assessment of the risk of corruption;</p> <p>Implementation of tools for integrity management, a form of human resources management, with emphasis on internal communication and performance.</p>

Transgaz SA has assumed the fulfilment of the specific measures for the prevention of corruption that are within its competence, the promotion of institutional integrity, the adoption of anti-corruption measures and the development of a policy of compliance with the rules of competition and has imposed on its employees the observance of the rules and principles, in order to ensure, thus, the premises of a fair business environment, based on the principles of real competition thus limiting the risk of fraud incidents⁶.

Thus, after the development and publication of

the Register of Corruption Risks, the objectives of the National Anti-Corruption Strategy were analysed and taken over by specific measures, adapted to the specifics of the company, within an Integrity Plan. Along with the approval of the Integrity Plan, the necessary measures for its application were also ordered, the approved measures thus becoming duties for the designated managers⁷.

A Public Statement of the Director General of the company, in this regard, was posted both on the company's website and on the intranet site⁸.

6. After the publication of G.D. no. 1269/17 December 2021, regarding the approval of the National Anti-Corruption Strategy 2021-2025 and its related documents, the company continued its efforts regarding the fight against corruption

7. <https://portal.intranet.Transgaz.ro/zonapublica/strganticorup?web=1>

8. <https://portal.intranet.Transgaz.ro/zonapublica/politica/Forms/AllItems.aspx?web=1>

The following relevant documents/sections can be found on the website

Sustainability

Declaration regarding the assumption of an organizational integrity agenda of S.N.T.G.N. Transgaz SA; the level of SNTGN Transgaz SA for the year 2022; Integrity incident assessment methodology;

Report on the evaluation of integrity incidents at SNTGN Transgaz SA declaration of compliance with competition rules.

Useful links

Link to the official page of the National Anti-Corruption Strategy 2021-2025

Investor Relations/Financial Reporting

Individual financial statements; Administrators' report;

Consolidated financial statements; Independent auditor's report.

Public information

The revenue and expenditure budget; Declarations of assets and interests;

Accounting balance sheets; Request for information of public interest.

Public procurement;

The following relevant documents/sections can be found on the Intranet page (Public Area)

Anti-corruption fight strategy

The declaration regarding the assumption of an agenda of organizational integrity of S.N.T.G.N. Transgaz SA; Integrity Plan Section:

- Integrity plan for the period 2021 - 2025;
- The decision to approve the Integrity Plan

The report on the stage of implementation of the measures provided for in the SNA 2021-2025 for the year 2022 at the S.N.T.G.N. level. Transgaz SA; Relevant Legal Provisions Section;

Corruption Risk Management Section: SNA Section 2016 -2020;

- Register of corruption risks for the year 2022;

Competition rules compliance policy of SNTGN Transgaz SA

Strategic Documents Section: Transgaz SA; Competition rules compliance policy of SNTGN Transgaz SA

- SNTGN Transgaz SA declaration of compliance with competition rules;
- Policy, Strategy and Plan for compliance with competition rules of SNTGN Transgaz SA;
- The decision regarding the approval of the policy of compliance with competition rules of SNTGN Information Materials Section;

At Company level, the premises were created for the increase in the quality of the activities of preventing corruption and ensuring compliance with competition rules by the implementation of an internal regulatory framework, the creation

of a dedicated organisational structure as well as by the appropriate allocation of duties and responsibilities at employee and management structure level.

Competition policy

At the same time, information materials (compliance manual, guides and instructions) were disseminated to Transgaz SA employees with the aim of increasing risk awareness, raising the level of culture in the field of competition, and adopting appropriate competitive behaviour to avoid registration non-conformities that may generate the application of sanctions.

Both the strategic documents and the information materials can be found in the public area of the intranet¹⁰ portal and are accessible to all Company employees.

The Compliance Advisory Board, the structure responsible for the implementation of the compliance policy and strategy, will provide the decision-makers within Transgaz SA with all the informational and logistical support necessary to adopt the most appropriate decisions with the aim of increasing economic efficiency, meeting the objectives of sustainability, sustainable development, as well as strengthening the image of SNTGN Transgaz SA as a sustainable company.

By Decision n.1069/2022, the leadership of SNTGN Transgaz SA approved the Policy of compliance with competition rules 2022-2025, the Implementation Strategy, the action Plan and the Compliance Advisory Board which establish the main action directions, strategic and intermediary objectives as well as the specific measures for their realisation.

The approved strategic documents aim to protect the organization's resources and image by creating and strengthening an internal culture in the field of competition law, as well as the development of internal tools and mechanisms for identifying and controlling situations with potential anti-competitive risk.

Conflict of interest

The members of the Board of Administration will adopt decisions in the exclusive interest of the company and will not participate in debates or decisions that create a conflict between their personal interests and those of the company or of subsidiaries controlled by it.

In this sense, at the level of the Company, **a conflict of interest management policy** was approved and implemented, a policy that helps the Company comply with the Corporate Governance Code of BVB.

10. <https://portal.intranet.Transgaz.ro/zonapublica/politica/Forms/AllItems.aspx?web=1>

Remuneration policy

The Policy regarding the remuneration criteria of the Administrators, the Director General and the Financial Director of Transgaz SA was approved, this being supplemented in implementation by the legal provisions applicable to the field of activity, by the provisions of the Collective Labor Contract of the company, by the mandate contracts, as well as by the decisions of the Board of Administration and the General Meeting of Shareholders.

The remuneration policy, approved at the level of the Ordinary General Meeting of Shareholders, is harmonized with the business strategy, with the objectives, values and long-term interests of the company, includes measures for avoiding conflicts of interest and to ensure an efficient corporate governance of the company.

Also, the purpose of the remuneration policy is to stimulate the growth of financial and operational efficiency and the sustainable development of the company, respecting the principles of good corporate governance.

The remuneration conditions of the members of the Board of Administration, the Director General and the CFO within Transgaz are established on the basis of a study, developed

by a specialized company, carried out on the recommendation of the Nomination and Remuneration Committee.

In order to monitor the implementation of the requirements set out in the remuneration policy, the Nomination and Remuneration Committee was established, an advisory committee established at the level of the Board of Directors.

The Nomination and Remuneration Committee has the role of assisting the Board of Administration in the establishment and supervision of remuneration policies and practices and is also assigned responsibilities regarding the formulation of proposals regarding the manner of applying the remuneration policy, supervising its implementation and ensuring avoiding the appearance/manifestation of conflicts of interest.

Regarding reporting to the management structures of the company, we specify that the method of remuneration and other advantages offered to administrators and directors are highlighted in the annual financial statements, audited by an independent external auditor and are presented in the annual report of the nomination and remuneration committee.





GOVERNANCE AND MANAGEMENT INFORMATION ON RISK MANAGEMENT

SNTGN Transgaz SA's approach to risk management combines the knowledge, expertise and experience of staff to respond to current risks and anticipate future ones.

Risk Management is an integral part of the decision-making process at all levels and adds sustainable value, both by increasing the probability of achieving objectives in an efficient and effective way, and by reducing the negative impact of operational activities on the environment, while enhancing the positive effects for people and nature.

SNTGN Transgaz SA continuously re-evaluates its risk portfolio in a structured, systematic and up-to-date framework that is supported by the following pillars:

- **The Risk Management Strategy, 2021-2025**, a document that promotes foresight,

thus preparing society to prosper even in an uncertain environment. The strategy establishes the company's attitude and approach to risks, the risk tolerance limit, the strategy adopted for the risk response, the vision, the specific objectives and the measures necessary to fulfil them;

- **Risk Management Procedure:** establishes a unitary set of rules for risk management and for drawing up and updating the Risk Register;
- **Risk profile:** provides an overview, including the general, documented and prioritized assessment of the identified risks facing the company. The risk profile of SNTGN Transgaz SA is updated annually;
- **Risk tolerance limit:** represents the level of risk exposure assumed by the company;
- **The internal appointment decisions and the Organization and Operation Regulations** of the Monitoring Commission and the Risk Management Team.

ECONOMIC

	Standard	Associated Risks	Mitigation actions
Performance and economic growth	GRI 201	The profit may be below the expectations of the main shareholder	<ul style="list-style-type: none"> Increasing efficiency and financial discipline. Identifying opportunities to increase labor productivity. Diversification of natural gas supply routes and sources. Strict monitoring of commitments and the development of contractual relations within the limits approved by the Revenue and Expenditure Budget. Realization and commissioning of new objectives related to the national transmission system.
The impact on the country's economy	GRI 203	Vulnerability to import of natural gas, during peak periods of consumption to keep in NTS functional parameters	<ul style="list-style-type: none"> Diversification of natural gas supply sources and routes Accelerating the development of specific activities integration of hydrogen into the NTS; Accelerating investments.
Quality and availability of services	N/A ¹¹	Continuity of the activities of economic agents critical for the economy and the population	<ul style="list-style-type: none"> Initiating discussions with government representatives to emphasize the importance of fiscal and legislative stability and predictability. Participating in the analysis activities of specific regulatory projects submitted by the competent authorities and formulating the company's final point of view regarding the respective projects. Capitalizing on opportunities regarding the sustainable transformation of regions with intensive coal consumption in our country.
Availability and capacity of the natural gas transmission system, relative to long-term demand	N/A ⁷	Risk regarding the adaptation of the system to the needs of the local economy in the long term. Opportunity to capture transmission needs in relation to the European energy market.	<ul style="list-style-type: none"> Implementation of projects in the National Transmission System Development Program to connect central European markets to resources and redefine itself as an important natural gas transmission operator. Participation in different thematic sessions, aiming at the energy objectives of Romania and the EU, in the context of the integration of the European energy market.
SNTGN network efficiency	N/A ⁷	Operational risk, related to costs and efficiency	Optimizing operational, investment and development activity, improving operational related activities.

11. The GRI standard contains indicators of this type for similar industries, and a similar indicator exists in the GRI standard specific to the electric utilities sector. The standard is under development and this information will be revised in future reports, after an updated GRI standard with specific indicators will be published.

COMPANY AND EMPLOYEES

	Standard	Associated Risks	Mitigation actions
Social impact on local communities	GRI 413	Reputational Risk	<ul style="list-style-type: none"> • Daily analysis of press articles. • Sending messages through prompt and concise press releases, updated periodically. • Sustained, transparent and effective proactive communication. • Establishing the communication strategy in crisis situations.
Social responsibility (CSR activities)	GRI 413	Reputational Risk	<ul style="list-style-type: none"> • Establishing the 2020-2023 Communication Strategy. Defining the key messages transmitted and promoted, defining the channels for transmitting the messages. • Monitoring of the CSR Policy, established at the company level.
Compliance, ethics, integrity, anti-corruption and non-discrimination	GRI 205	Reputational risk, employee perception risk	<ul style="list-style-type: none"> • Informing staff about the provisions of the Code of Ethics, approved at the level of the Board of Administration, and permanent access to the regulations issued for its application. • Permanent monitoring of compliance with the rules of conduct
The workplace	GRI 401	HR risk, retention capacity	The development by managers of organizational structures, using mentoring principles and programs, of well-prepared and flexible teams, teams that have the ability to adapt to a dynamic, constantly changing environment.
Occupational health and safety	GRI 403	Risk of injury and/or occupational diseases	<ul style="list-style-type: none"> • Hazard identification and risk assessment for each component of the work system. • Implementation of specific programs to contribute to the supervision of workers' health; training and first aid activities at the workplace.
Diversity and equality of opportunity	GRI 405	Reputational risk, employee perception risk	Monitoring employee satisfaction.
Formation and training	GRI 404	Human resources risk, efficiency of operations	<ul style="list-style-type: none"> • Annual planning of training and professional development of employees. • Ensuring the development of training courses in accordance with the approved Program.

ENVIRONMENT

	Standard	Associated Risks	Mitigation actions
Energy consumption	GRI 302	Operational risk, related to costs and efficiency	<ul style="list-style-type: none"> • Making savings on operational costs recognized by the authority (material, energy and water, technological consumption, salaries, maintenance and repairs and others). • Implementation of the Energy Management System, improving energy performance, in accordance with the SR EN ISO 50001:2019 standard.
Hazardous and non-hazardous waste management	GRI 306	Reputational risk, compliance risk that generates sanctions	Implementation of policies and good practices regarding the prevention and/or reduction of waste quantities in the 5 stages of waste management activities: prevention/reduction; reuse; recycle; energy recovery; disposal/storage.
Compliance with environmental laws and regulations	GRI 307	Reputational risk, compliance risk that generates sanctions	Identifying legal and other requirements to which Transgaz SA subscribes, promoting awareness and understanding of legal responsibilities applicable to its environmental activities/aspects.
Strategy on climate change and the transition to energy from renewable sources	GRI 413	Risk regarding the adaptation of the infrastructure to long-term needs	<ul style="list-style-type: none"> • Establishment of the Committee for Hydrogen, at the level of Transgaz . Regular information of the management of the company regarding the evolution of the established objectives. • Training specialists in those disciplines that are necessary for the functioning of the hydrogen economy. • Identification of financing possibilities/mechanisms developed at the EU level to support TSO Retrofitting, Repurposing, Rebranding and Hydrogen Blending projects, as well as consulting in the mentioned fields. • Starting a pilot project, regarding the use of the mix of hydrogen and natural gas.
Greenhouse gas emissions and losses	GRI G4 ¹² from G4-EN15 to G4-EN21	Risk regarding the impact on climate change, especially regarding methane losses	<ul style="list-style-type: none"> • Implementation of the priority program to reduce gas consumption in the NTS between 2022 and 2026 • Modernization and rehabilitation of SRMs.
Biodiversity	GRI 304	Risk of damage to flora and fauna	Establishing general area conservation objectives for each major project developed by Transgaz SA, as well as key measures to avoid or reduce effects on species and natural habitats

12. The GRI standard contains indicators of this type for similar industries, and this indicator was taken from the GRI standard specific to the Oil and Gas sector. The GRI standard is under development and this indicator will be revised after the publication of an updated GRI standard with specific indicators.

Operational risk management

SNTGN Transgaz SA is a key player in the Romanian energy system, ensuring the access of Romanian citizens and companies to safe, affordable and clean energy. Transgaz aims to stimulate Romania's clean energy transition,

including contributing to the achievement of the objectives established in the National Strategy for the Sustainable Development of Romania 2030.

The risk management approach at the level of SNTGN Transgaz SA

Defining the risk management strategy

01

02

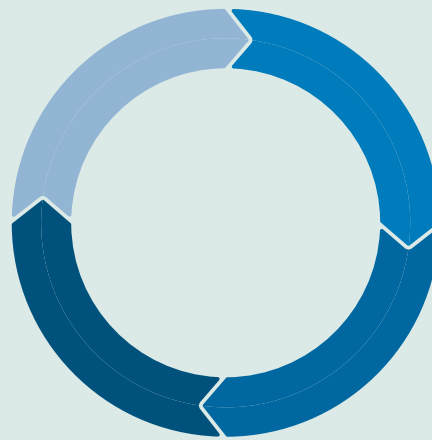
Identification and assessment of risks that may affect the company and the activities carried out within it

Continuous review and reporting of the risk situation, to obtain a reasonable guarantee regarding the achievement of the company's objectives

04

03

Risk control, so that it falls within the limits of risk tolerance, approved annually



The fundamental tool in risk management is the Risk Register. Risk Registers are completed annually at the level of each department with the operational risks and at the level of the company with the significant risks.

The significant risks contained in the Register of Risks, at the level of the company, are structured in risk categories. In the Sustainability category, four risks are identified and managed:

Risk 1: Restriction of financing granted for natural gas projects.

Causes: Implementation of the Green Deal and the directives that will ensure climate neutrality in 2050; Climate change; The measures set out in the National Recovery and Resilience Plan.

Risk 2: Delays in developing new technologies to transmit green hydrogen at a competitive level.

Causes: Primary and secondary legislation on hydrogen is not updated; There is no National Hydrogen Strategy. At the level of 2023, the approval of the regulatory framework regarding hydrogen is planned, correlated with the Strategy that will be created in this regard; at European level hydrogen is considered the fuel of the future considering that it has zero CO2 emissions.

The strategic actions established to reduce the risks stated above are included in the Plan of measures to minimize risks, at the company level. The most important actions taken are the following:

EUROPEAN INVESTMENT BANK (EIB) and SNTGN Transgaz SA (Transgaz) signed on 08.08.2022 an Agreement on the provision of consultancy services for the preparation and development of a decarbonisation strategy for the natural gas transmission network in Romania; The technical assistance package provided by the EIB and external experts in the context of the European Investment Advisory Hub (EIAH) will include the preparation and development of a decarbonisation strategy for Transgaz with a view to the phased transition to a carbon-neutral activity climatically. The EIB experts will collaborate with Transgaz's representatives to analyse the state of Romania's natural gas transmission network, as well as the inventory of GHG emissions and climate vulnerability policies; The strategy will include measures to contribute to the reduction of network emissions, as well as adaptation criteria to mitigate climate risks, highlighting investment needs and relevant funding sources where appropriate.

In the context of another consultancy agreement, provided by the EIB, Transgaz has recently completed the Strategic Environmental Assessment procedure for the Development Plan of the National Natural Gas Transmission System

Monitoring the development of the National Hydrogen Strategy to develop new hydrogen projects, thus obtaining the motivation of the banking sector to finance such initiatives.

In recognition of the transition to green energy and the European Union's emission reduction objectives, four Natural Gas Transmission System Operators (TSOs) from Central Europe (Transgaz from Romania, Gaz-System from Poland, Eustream from Slovakia and FGSZ from Hungary) agreed on a strategic partnership to explore the possibilities of decarbonising their operations, transmit green gases and analyse the potential of CO2 transport. The joint Memorandum of Understanding was signed on 04.07.2022 in Budapest.

At the level of the Commission for Industries and Services, a working group dedicated to hydrogen was established, to contribute to the development of the legislative framework necessary for this field. Transgaz constantly monitors the activity of this group.

Transgaz contributes to the alignment of the development of the natural gas transmission system to avoid the appearance of "white spots" on the European hydrogen map. In this context, "white spots" are interconnections in the European gas network that do not allow the cross-border transmission of significant volumes of hydrogen.

Establishment of the Hydrogen Committee at the level of Transgaz. Constantly informing the management of the company.

Training of specialists in those disciplines that are necessary for the operation of the hydrogen economy.

On 20 April 2023 Transgaz and E-ON Romania signed a Memorandum of Understanding to define a joint action plan to consolidate and expand the natural gas infrastructure in accordance with the strategic decision to consider natural gas as a transition fuel and to accelerate investigating the role that national natural gas infrastructure plays in accommodating green gases and, in particular, hydrogen. Also, the two companies will develop joint proposals to ANRE for the issuance of specific technical regulations in the field of hydrogen and combustible gas mixtures, as well as for establishing the criteria necessary for the development of the infrastructure dedicated to hydrogen on the territory of Romania.

Risk 3: Decrease in natural gas consumption due to the increase in the use of wind, solar and nuclear energy.

Causes: The Integrated National Plan in the field of Energy and Climate Change 2021- 2030 established as a support measure the promotion of investments in new electricity production capacities, with low carbon emissions; Power generation from wind and solar photovoltaic energy has seen impressive growth; Considering the SRE indicative trajectory to be reached between 2025 and 2027, SRE-E projects will also be considered a priority, targeting the installation of additional capacities of wind energy and solar energy respectively; The cost of producing electricity from wind and solar power has become increasingly competitive with the cost of electricity produced by burning fossil fuels.

Natural gas continues to account for approximately one third of Romania's energy mix. The risk is assessed as having exposure below the approved tolerance limit. The strategy adopted is to monitor the risk to observe the evolution of the probability.

Risk 4: NTS may be exposed to a number of natural climatic and geological hazards: earthquakes, floods, landslides, extreme temperatures, massive snowfalls.

Causes: Climate changes manifested by prolonged droughts, precipitation with unusual frequencies and intensities, tornadoes, etc., are determined by human action, through greenhouse gas emissions;

Increasing frequency and severity of extreme climate events caused by the effects of global warming; There is no evidence that seismic hazards are directly related to climate change, however, climate change may affect seismicity by altering reservoir levels or water use.

SNTGN Transgaz SA adopts measures to counteract the dysfunctionality of the company in case of materialization of this risk, by developing an efficient management of the crisis situation. Thus:

Action and prevention plans in case of natural calamities are designed and optimal methods of response and recovery after disasters are defined.

Compliance with the relevant Legislation on disaster reduction of the recently approved National Seismic Risk Reduction Strategy.

Establishment by internal decision of the Emergency Cell and the appointment of personnel with responsibilities regarding intervention in emergency situations as well as the declaration of the state of alert/emergency within Transgaz SA.

Compliance/monitoring of the Business Continuity Plan at SNTGN Transgaz SA level and the Plan of measures to ensure business continuity at SNTGN Transgaz SA level.

Establishment by Internal Decision of those responsible for the evacuation of employees, of the personnel of the evacuation and intervention teams in case of Emergency Situations and of the people who act in case of Emergency Situations to provide first aid at the headquarters/workpoints of SNTGN Transgaz SA.

Carrying out simulations of emergency operations.

Permanent testing of the Security Plans drawn up at the objective level.

Training and equipping intervention teams.

Installation of integrated security systems for critical infrastructure targets.

Updating military records

Operational sustainability risks come from the performance by the company's departments of economic activities qualified as sustainable (pursuing the objectives of environmental, social and good governance sustainability). There are stability measures to minimize operational risks:

Social

1. There is in the organizational structure of SNTGN Transgaz SA the Employee Representation Bureau which represents the interests of the employees in the relationship with the employer, pursuing compliance with the legal provisions in labour relations and social protection;
2. Training and development opportunities:
 - in 2022, 196 professional training courses were held in which 2770 employees participated;
 - the TransGasDigital project was carried out, a project co-financed from European funds with the objective of improving the level of knowledge and digital skills of the company's employees;
3. Compliance with work safety and health protection rules;
4. The Employee Guide (PowerPoint format) is available for new employees;

Pollution prevention and control

There is within the company the Environmental Factors Monitoring

Laboratory with the following objectives:

- monitoring of pollution sources at sites within the regional offices;
- assessment of environmental aspects for locations within the regional offices.

In accordance with the requirements of the Environmental Authorizations, issued by the Bucharest National Environmental Protection Agency, monitoring involves the systematic performance, on company sites, of measurements on environmental factors, as follows:

- noise level measurements;
- checking technological installations from the point of view of tightness in order to detect methane and ethylmercaptan emissions;
- determination of atmospheric pollutant emissions (CO, NOx, SO2) from combustion gases from compression stations, thermal power plants, convector stoves and gas heaters;
- identification of various non-compliant situations with environmental protection legislation and/or with regard to accidental pollution;
- drawing up measurement bulletins, assessment sheets of environmental aspects and monitoring reports.

In order to reduce consumption with utilities, Transgaz is currently implementing the Energy Management System - SR EN ISO 50001-2019.

Corporate Governance

1. Responsibility towards customers (service quality, data protection and confidentiality): SNTGN Transgaz SA

developed and processed, with all its employees, the Regulation regarding the processing of personal data and the free movement of such data within the National Natural Gas Transmission Company Transgaz SA.

2. Anti-corruption measures: there is the Code of Ethics, updated annually, ethical advisers, the ethics committee, System Procedure PS 06 SMI Prevention of Corruption.

Financial risks

Market risk

Currency risk

The company is exposed to currency risk through its exposure to various currencies, especially EUR. Currency risk is associated with recognized assets and liabilities. The company does not undertake formal actions to minimize the currency risk related to the operations.

Price risk

The company is exposed to the commodity price risk related to the gas purchased for its own consumption.

Cash flow and fair value interest rate risk

The company is exposed to interest rate risk through bank deposits and variable interest loans. The company did not conclude any kind of commitments to reduce the risk.

Credit risk

Credit risk is mainly related to cash and cash equivalents and trade receivables. The Company developed a series of policies to ensure that sales of products and services are made to the appropriate customers. Cash is placed with financial institutions, which are considered to be associated with minimal risk.

Liquidity risk

Prudent management of liquidity risk involves maintaining sufficient cash and availability of funds through an adequate amount of committed credit facilities. The company forecasts cash flows. The liquidity indicator is continuously monitored at the company level to ensure that there is sufficient cash to meet operational requirements while maintaining a sufficient level of unused borrowing facilities at all times so that the company does not breach loan limits or covenants (where applicable) for any of its loan facilities.

Capital risk management

The company's capital management objectives are related to maintaining the company's ability to continue as a going concern in order to provide compensation to shareholders and benefits to other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital. There are no externally imposed capital requirements. The company monitors the capital based on the degree of indebtedness.

DATA PROTECTION

Within Transgaz SA the tasks of the person in charge with data protection were assigned to a compliance officer within the Document Management and GDPR Department.

This officer monitors the extent and modalities of implementation of compliance activities and analyses situations that contravene these principles to the extent that situations of impact arise.

SNTGN Transgaz SA carries out activities leading to continuous improvement of personal data

protection management processes. Procedures, forms, plans, records of continuous processing, training of staff to GDPR implementation became essential in raising awareness and responsibility, as key points in compliance with the EU Regulation.

Ongoing counselling, training and awareness-raising sessions are organized for employees where the risks arising from non-compliance with the General Data Protection Regulation (GDPR).

Regarding the training of company staff, we would like to point out that this was of primary importance among employees who have contact with the company or who are continuously or permanently processing personal data, so that in 2022 43 employees participated in courses.

- 1 employee**
Data protection officer (DPO) - COR code 242231
- 42 employees**
staff training for personal data

In the process of integrating new employees several legal, administrative and operational aspects are considered for GDPR compliance. New employees participate in specific training programs to acknowledge and be compliant with the requirements on data protection at company level.

Among the most important objectives set and which met by the DPO in SNTGN Transgaz SA, we mention:

- detailed analysis of the personal data collected in all processes of the activity throughout the company;

- development/update of the Security Policy, on measures to protect the persons regarding processing of personal data and the free movement of such data and Internal Rules on personal data processing so that they are harmonized with the GDPR;
- updating of contracts with data protection and information security clauses;
- data technical security rules and measures implemented to eliminate the risk of unauthorized access to personal data.

SNTGN Transgaz SA's vision involves taking decisions based on identified risks and making every effort to ensure a high level of personal data security

Data privacy risks and employees, including possible data loss and breaches of confidentiality are managed effectively and transparently and the company developed documents regarding processing, storage, transmission and archiving of personal data.

Internal rules were approved and implemented on the information of the data subject, data protection, accuracy of data collection, guidelines on the storage of personal data, reporting system in case of security breach, counselling and training and guidelines on consent of the data subject.

In 2022 no complaints or referrals were made to the National Supervisory Authority for Personal Data Processing that required the transmission of answers or clarifications regarding the breach of confidentiality of employees and collaborators.

The company did not register any warnings/sanctions/fines/recommendations from the National Supervisory Authority for Personal Data Processing, and no risk incidents were identified internally arising from non-compliance with internal rules issued for data protection purposes.

The company's management is regularly informed about the processes implemented on issues related to the protection and management of personal data through regular reports and presentations.



GOVERNANCE AND MANAGEMENT

EU TAXONOMY

Introduction

This section reports on the key performance indicators required under article 8 of the EU taxonomy, Regulation EU 2020/852¹³, and the related Delegated Regulations¹⁴.

The EU Taxonomy is a classification system defining which economic activities can be considered environmentally sustainable. This classification system sets six environmental objectives:

- **climate change mitigation (CCM)**
- **climate change adaptation (CCA)**
- the sustainable use and protection of water and marine resources
- the transition to a circular economy
- pollution prevention and control
- the protection and restoration of biodiversity and ecosystems

At the time of reporting, delegated regulation acts had only been published for the first **two** objectives.

An **“eligible”** economic activity is one that meets the description of one of the activities defined in Delegated Regulation (EU) 2021/2139 & 2022/1214. An “eligible” activity has the potential to be considered environmentally sustainable (i.e. **“aligned”**) if it also meets additional criteria listed in the delegated regulation acts. More specifically, an economic activity is eligible irrespective of whether it meets any or all of the technical screening criteria laid down in the Climate Delegated Regulation Act (and future delegated acts). Therefore, the fact that an economic activity is taxonomy-eligible does not give any indication of the environmental performance and sustainability of that activity.

An **“aligned”** activity must comply with the following 4 conditions as stated in Article 3 of EU Regulation 2020/852:

- contributes substantially to one or more of the environmental objectives.
- does no significant harm to any of the other

¹³. Regulation EU 2020/852 of the European Parliament and of the Council, published in the Official Journal of the European Union on 22 June 2020.

¹⁴. The Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021) and the Disclosures Delegated Act (Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021).

environmental objectives.

- complies with minimum social safeguards¹⁵ pertaining to human rights due diligence, anti-corruption and anti-bribery, fair taxation and fair competition.
- complies with the technical screening criteria established by the EU and are listed in the delegated acts

EU taxonomy eligibility and alignment must be reported in financial terms, as percentages of a company's total revenue, total capital expenditure (CapEx) and selected operating expenditure (OpEx).

The EU taxonomy is being progressively introduced over a number of years in all EU Member States. For financial year 2022, Transgaz SA Romania is required to report its contribution in terms of "eligible" and "aligned" activities for two of the six environmental objectives: climate change mitigation and climate change adaptation. These first two objectives focus mainly on sectors with the highest contribution

FY2022 EU Taxonomy eligibility assessment

To assess Transgaz SA Romania business activities for eligibility under the EU Taxonomy, the activity and/or product descriptions were compared with the Taxonomy activities contributing to Climate Change Mitigation

Turnover

Transgaz SA Romania operates under CAEN code 4950 Transmission via pipeline" (NACE equivalent H49.50) with over more the 99% of revenue consisting of fossil gas transmission and sales. The NACE code activity corresponds to activity "4.14. Transmission and distribution networks for renewable and low-carbon gases" of Delegated Regulation 2021/2139. Although, Transgaz SA Romania identified its main NACE code as an potentially eligible code, the

to global CO2 emissions, such as production of energy, manufacturing, transport, and construction, as well as activities enabling their transformation. In the coming years, as the EU taxonomy will further evolve and the delegated acts for the four other environmental objectives will be published¹⁶ other activities will be included.

Transgaz SA Romania conducted its assessment for FY2022 using the acts under EU Taxonomy Regulation and related documentation, additional guideline issued by the European Commission in the form of frequently asked questions (FAQs), and, where the criteria and guidelines still leave room for interpretation, its own analysis of the criteria. Where interpretation of requirements was needed, Transgaz SA Romania took a careful and transparent approach. The EU Taxonomy is itself subject to periodic review and the interpretation of the Taxonomy and its criteria may change over time, which could lead to different outcomes regarding Taxonomy eligibility and alignment in future reporting periods.

and Climate Change Adaptation as defined in the Taxonomy Climate Delegated Regulation Acts. This comparison also took into account relevant NACE Codes¹⁷ and applicable criteria for substantial contribution.

description of the activity "Conversion, repurposing or retrofitting of gas networks for the transmission and distribution of renewable and low-carbon gases. Construction or operation of transmission and distribution pipelines dedicated to the transmission of hydrogen or other low-carbon gases." is not in line with the activity of Transgaz SA Romania which is strictly related to fossil gas. However, the organization conducted rigorous studies

15. The Minimum Safeguards shall be procedures implemented by a company that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

16. The criteria for the other four environmental objectives are expected to be officially approved by the end of 2023.

17. The EU Taxonomy includes a reference to NACE codes (Revision 2) on each activity. However, such references are only indicative and do not prevail over the specific definition provided in the text of the Climate Delegated Act.

and concluded that the network could be capable of transporting a gas mix with up to 10% hydrogen. Based on this, 10% of the company's turnover was considered to be eligible. Moreover, Transgaz SA Romania acknowledges the importance of sustainable

development and is committed to aligning its activities to the EU Taxonomy. For this, the company is committed to further invest into the possibility to transmit in the near future low carbon gases and a higher percentage of hydrogen throughout its network.

CapEx

Transgaz's investing activity mostly relates to the fossil gas transmission and sales. The CapEx consists mainly of developing the gas transmission infrastructure. Since Transgaz SA Romania has all the investments in the gas transmission infrastructure 10% hydrogen ready (the new pipelines allow a 10% mix of hydrogen to be transported in the new network, we considered the potential for 10% of these investments to be taxonomy eligible under the activity "4.14. Transmission and distribution networks for renewable and low-carbon gases". From the total investments of 263.158.653 RON, the amount of 199.198.652 RON was allocated to developing the national gas transmission network. According to this reasoning a total of 19.919.865,2 RON is considered to be potentially eligible.

Also, the CapEx type c) expense (as per Delegated Regulation 2021/2178, Annex I, point 1.1.2.2) were taken into consideration. Investments that could be related as output form Taxonomy eligible activities such as indicated under point "7.2. Renovation of existing buildings" and "7.3. Installation, maintenance and repair of energy efficiency equipment" section "(e) installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies;" of Delegated Regulation 2021/2139 were identified but are not considered to be material in regards to the total CapEx for FY 2022.

OpEx

OpEx as it is defined under the EU Taxonomy is limited mainly to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment. In line with the proportion of eligible CapEx, and following the same reasoning, 10% of OpEx expenses dedicated to the developing of the national gas transmission network were identified as eligible. From the total OpEx according to the EU Taxonomy of 40.651.107 RON, the OpEx allocated strictly to the gas transmission network amounted to 1.290.592 RON therefore the sum of 1,290,592 RON was considered eligible.

Also, Transgaz SA Romania took into consideration the analysis of point c) (as per Delegated Regulation 2021/2178, Annex I, point 1.2.3.2) and no operating expenses to match the outlined description were identified. However, due to the commitment to sustainable development Transgaz SA Romania identified R&D OpEx expenses to develop the possibility of low carbon gases transmission throughout the network. These expenses are not considered to be Taxonomy eligible since these costs represent salaries with the company's personnel dedicated to developing this project.

FY2022 EU Taxonomy alignment assessment

An "aligned" economic activity is one that is taxonomy-eligible, and furthermore meets the technical screening criteria to prove substantial contribution to one or more environmental objectives of the EU Taxonomy, the Do No

Significant Harm criteria for that activity and the Minimum Social Safeguards. A Taxonomy-aligned economic activity is formally considered environmentally sustainable.

EU Taxonomy KPIs

Turnover

Proportion of turnover from products or services associated with taxonomy-aligned economic activities - information covering year 2022

	Code(s) (2)	Absolute turnover (3)	Substantial contribution criteria							DNSH criteria (Do Not Significantly Harm)							Taxonomy aligned proportion of turnover, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
			Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	AClimate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0													0	n/a		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
Transmission and distribution networks for renewable and low-carbon gases	4.14	243.680.205	10																
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		243.680.205	10																
TOTAL		243.680.205	10																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy non-eligible activities (B)		2.193.121.848	90																
TOTAL		2.436.802.053,25	100																

Numerator for determining taxonomy-aligned percentage (turnover)

The numerator accounting for taxonomy-eligible activities is equal to 243.680.205 RON. The % of aligned turnover is 0.

Denominator for determining taxonomy-aligned percentage (turnover)

The denominator is the total net turnover for FY2022, as also reported in the consolidated income statement.

CapEx

Proportion of CapEx from products or services associated with taxonomy-aligned economic activities - information covering year 2022

A. TAXONOMY-ELIGIBLE ACTIVITIES	Code(s) (2)	Absolute CapEx (3)	Substantial contribution criteria							DNSH criteria (Do Not Significantly Harm)							Taxonomy aligned proportion of CapEx, year N (18)	Taxonomy aligned proportion of CapEx, year N-1 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
			Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)				
	%	RON	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0														0	n/a		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																				
Transmission and distribution networks for renewable and low-carbon gases	4.14	19.919.865,2	7,5																	
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		19.919.865,2	7,5																	
TOTAL (A.1 + A.2)		19.919.865,2	7,5																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of taxonomy non-eligible activities (B)		243.238.788	92,5																	
TOTAL (A+B)		263.158.653	100																	

Numerator for determining taxonomy-aligned percentage (CapEx)

The numerator accounting for taxonomy-eligible activities is equal to 19.919.865,2 RON. The % of aligned activities is equal to 0 since no aligned activities were identified.

Denominator for determining taxonomy-aligned percentage (CapEx)

The denominator comprises FY2022 total CapEx

measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and

effective functioning of such assets . However, maintenance and repair or other direct costs could be also relevant for intangible assets (e.g. right-of-use assets, software). As such, all those costs should be part of the denominator of the OpEx KPI.

Activities related to nuclear energy and fossil gas

Nuclear energy related activities

The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle. **NO**

The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to generate power or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies. **NO**

The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that generate power or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades. **NO**

Fossil gas related activities

The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels. **NO**

The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels. **NO**

The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels. **NO**

Transgaz SA Romania has no exposure to activities related to the production, construction or operation of facilities that generate power or heat from nuclear or fossil gas sources.

Since no nuclear energy and gas related activities were identified for the reporting entity, the rest of the tables as per Annex III of Delegated Regulation (EU) 2022/1214 are considered to be not applicable.

CERTIFICATIONS, ASSOCIATIONS, AWARDS

Certifications

During 19-23.09.2022, the body certification SRAC carried out the 1st surveillance audit under Contract No. 486/06.08.2021. The conclusions of the SRAC audit team revealed that:

- the management system applied by the company is described, properly implemented, in accordance with the requirements of the reference standards and is effective;
- the ability of the management system to

meet applicable requirements and obtain expected results was demonstrated during the audit and the internal audit processes and management review are effective.

- through the 5 areas for improvement proposed, the adequacy and effectiveness of the CMSSM SM has to be continuously improved, the proposal being to maintain the compliance with the management system.

The five domains to be improved

<p>1 Reorganisation and correct completion of environmental inspection and SSM reports on contractor sites.</p>	<p>2 Informing contractors carrying out activities on Transgaz sites, regarding the SSM risks on site.</p>
<p>3 Completion of the update of the Evaluation procedure compliance in line with how to achieve activities, with the definition of the terms of non-compliance, correction and treatment actions for inspection activities at the assessment compliance with legal requirements. Customisation of inspection questionnaires to the specificity of activities inspected.</p>	<p>4 Modification of Non-compliance Report with heading auditor’s agreement with corrective action established by the auditee to no longer eliminate the risk that the corrective action is not appropriate to the causes of non-compliance.</p>
	<p>5 Adapting the content of the SSM - SU training topic to the specific activities carried out.</p>

The proposed target was achieved by obtaining annual visas for the 3 certificates:

- No. 3533/27.10.2021 related to SR EN ISO 9001:2015;
- No. 529/27.10.2021 related to SR EN ISO 14001:2015;
- No. 3276/27.10.2021 related to SR ISO 45001:2018.



As a result of SRAC’s status as an IQNet partner - The International Certification Network, SRAC certificates issued to SNTGN Transgaz SA are accompanied by the IQNet international certificate.

Affiliations and partnerships

SNTGN Transgaz SA is affiliated and has partnerships with the following structures

<p>Gas Infrastructure Europe (GIE)</p> 	<p>European Network of Transmission System Operators for Gas (ENTSO-G)</p> 	<p>Comitetul Național Român al Consiliului Mondial al Energiei (CNR- CME)</p> 	<p>Federația Patronală Petrol și Gaze (FPPG)</p> 
<p>Centrul Român al Energiei (CRE)</p> 	<p>Societatea Inginerilor de Petrol și Gaze (SIPG)</p> 	<p>Asociația pentru Relații cu Investitorii la Bursă din România (ARIR)</p> 	<p>American Chamber of Commerce in Romania (AmCham)</p> 
<p>Comitetul Național ICC România</p> 	<p>Camera de Comerț, Industrie și Agricultură din Sibiu (CCIAS)</p> 	<p>European Hydrogen Backbone (EHB)</p> 	<p>Camera de Comerț și Industrie a României (CCIR)</p> 

The integration of Transgaz SA at the European level and internationally as a prestigious company, by active participation in projects of interest and through dynamic partnerships with other companies with similar activity, is the stake of the cooperation at international level. In this respect several agreements and memoranda of understanding were signed by Transgaz with: SOCAR (Azerbaijan), Srbijagas (Serbia), Eustream (Slovakia), the European Bank for Reconstruction and Development (EBRD), Central European Gas Hub AG (CEGH), FGSZ (Hungary), Plinacro Ltd (Croatia), ICGB (the

company that implements the Interconnector Greece-Bulgaria project), Gaz-System (Poland), BOTAŞ (Türkiye).

At the initiative of Transgaz , it was signed the Memorandum of Understanding on Hydrogen Cooperation with natural gas transmission operators in Hungary, Poland and Slovakia, namely FGSZ, Gaz System and Eustream. At the same time, Transgaz is part of the Eastern Europe Natural Gas Partnership (EE-NGP), initiated by the United States Agency for International Development (USAID), the United

States Energy Association (USEA), ministries and transmission system operators in Eastern Europe to ensure sustainable institutional capacity to the use and development of the first common models for transmission planning in the region and adhering to the

Memorandum of Understanding on trans-regional cooperation on the development of an integrated South-Eastern European gas market (SEEGAS), initiated by the Energy Community Secretariat to cooperate with a view to developing cross-border gas trading.

Awards

In 2022, SNTGN Transgaz received the following awards:



ENERGY TRANSITION REWARD

ENERGY 2022 CEO FORUM & AWARDS



SUSTAINABLE DEVELOPMENT OF ROMANIA AWARD

Gala Awards 2022



DIPLOMA

For the successful implementation of the project "NTS developments in North-East Romania for enhancing gas supply to the area and for ensuring transmission capacities to the Republic of Moldova"

GALA „ROMÂNIA MODERNIZATĂ CU FONDURI EUROPENE”



1ST PLACE VERY LARGE ENTERPRISES CATEGORY, PIPELINE TRANSMISSION

Top National Firms Gala



BEST IN BUSINESS AWARD

Financial Market Awards Gala (27 years)



FINANCIAL INTELLIGENCE PRIZE

For the development of the strategic regional infrastructure



GALA AWARD TOGETHER WE PROTECT ROMANIA

TOGETHER WE PROTECT ROMANIA GALA





3.1

OUR BUSINESS AND PRODUCTS PRODUCTS / SERVICES

General information

Romania is the largest oil producer and gas (O&G) in Central and Eastern Europe and has the potential to dominate the European oil and gas market, following the discovery of natural gas resources in the Black Sea.

The gas distribution network in Romania reaches about 6.5 million customers, with an average annual consumption of approximately 9 billion cubic meters.

Transgaz is the operator of the natural gas transmission system in Romania and ensures the transmission of natural gas at both national and international levels. The network is interconnected with neighboring countries, namely Hungary, Bulgaria, the Republic of Moldova, and Ukraine. Efforts are also being made for interconnection with Serbia.

National Gas Transmission System at the end of 2022

**13,977
km**

**PIPES AND FITTINGS
FOR NATURAL GAS
SUPPLY**

Out of which

183.5 km

INTERNATIONAL
TRANSMISSION PIPES

481 km

**PHASE 1
BRUA PIPELINE**

8

**COMPRESSOR
STATIONS**

ȘINCA, ONEȘTI, SILIȘTEA,
PODIȘOR, JUPA, BIBEȘTI,
ONEȘTI, GHERĂIEȘTI

6

**METERING STATIONS
FOR IMPORT/
EXPORT
GAS (GMS)**

1,148

**METERING REGULATING
STATIONS (MRS) IN
OPERATION
1,254 METERING
DIRECTIONS**

2

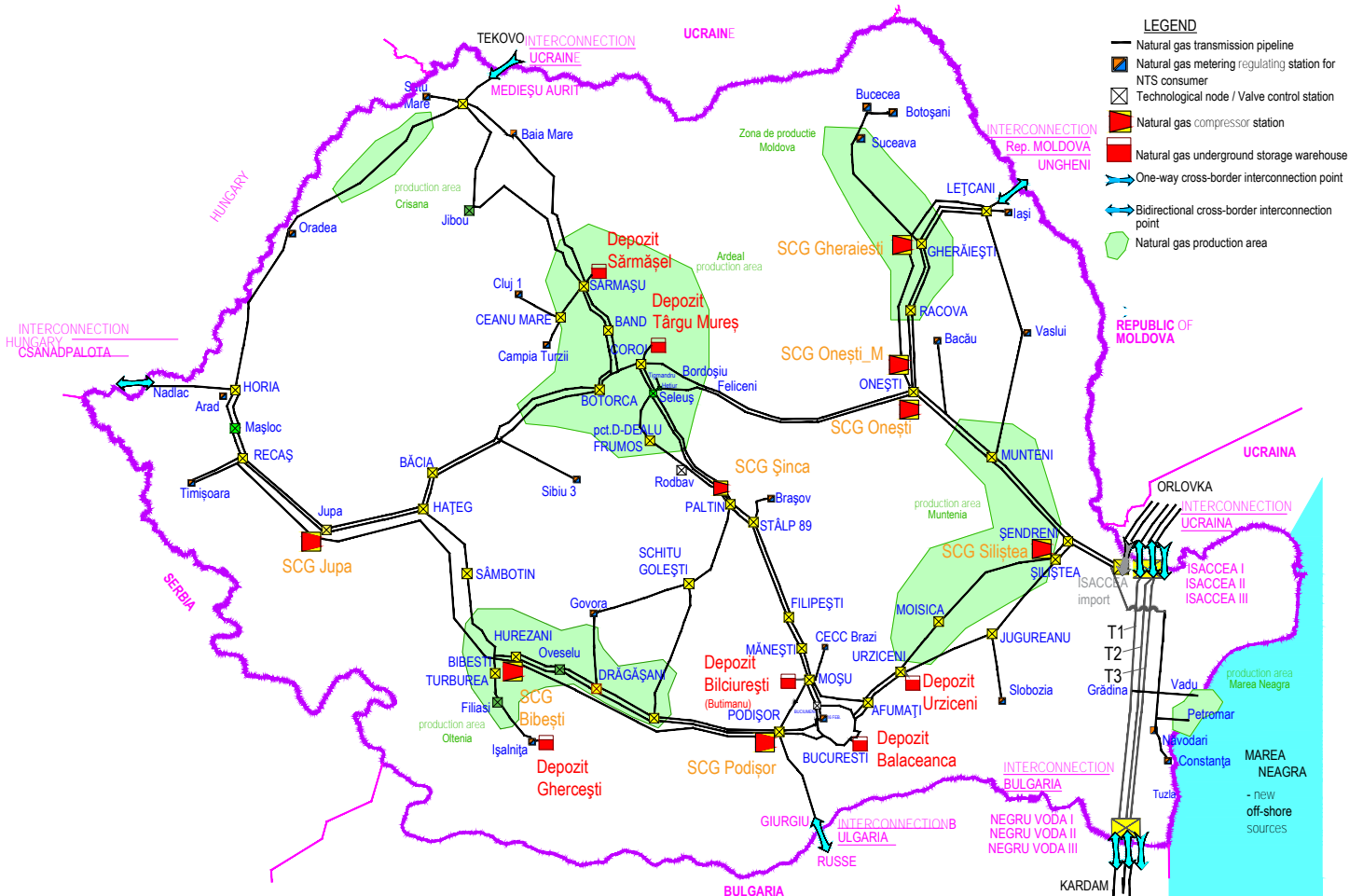
**METERING STATIONS
ALONG INTERNATIONAL
NATURAL GAS
TRANSMISSION PIPELINES
(GMS)**

1,057

**CATHODIC PROTECTION
STATIONS(CPS)**

1,054

**GAS ODORIZATION
STATIONS(SOG)**



In line with the business model and the specific activity carried out by SNTGN Transgaz SA, the following categories of services may be offered

Gas transmission services	Gas transmission capacity booking services
Balancing services	Other activities related to the main services offered

Transgaz SA may carry out complementary and other related activities in support of the main object of activity, in accordance with the legislation in force and its own Articles of Incorporation, and may purchase natural gas, solely for the purpose of balancing and safely operating the National Transmission System.

The company achieves, in addition to income from domestic and international transport activity natural gas, other revenue as well, from access charges to the national transmission system (NTS), from design services and other related services rendered.

In order to monitor the quality of natural gas transmission service based on specific indicators and performance levels, on 1 October 2016 the Performance Standard for natural gas transmission service approved by ANRE Order came into force. It was repealed by ANRE Order 140/2021 which entered into force on 1 October 2022.

The quality of the transmission service is a constant concern of both Transgaz SA and the National Regulatory Authority.

SNTGN Transgaz SA' operating activities of the National Natural Gas Transmission System mainly comprise the following activities

Contracting natural gas transmission services	Trade balancing
Dispatch and technology regimes	Natural gas quality measurement and monitoring
Odorization and international natural gas transmissi	



RELATIONSHIP WITH SUPPLIERS

To ensure continuity in the process of providing quality services, Transgaz SA collaborates with both domestic and foreign suppliers.

	Number of contracts	Direct acquisitions value (lei)	Value w/out vat procedures (lei)	Total
Local	356	5,233,571	507,615,954	512,849,525
External	4	237,539	441,166	678,705

To ensure a fair procurement process, by decision of the Director-General of Transgaz, all procurement procedures are conducted entirely online, which entail submission of tenders by electronic means and carrying out the entire bidding process, and evaluation through SEAP.

Transgaz SA, as contracting entity, in application of the provisions of Law nr. 99/2016 on sectoral procurement, publishes in SEAP (System Electronic Public Procurement), at <https://www.e-licitatie.ro/pub>, contract

notices/ simplified contract notices with all tender documentation attached for the purpose of drawing up and submitting tenders.

Thus, through SEAP, any interested economic operator is guaranteed direct, unrestricted and full access, by electronic means, to the content of the tender documents. Sectoral contract award procedures are conducted entirely online, with submission of tenders and requests for clarification in SEAP. This ensures full transparency of the whole procurement process.

The advantages of Transgaz SA by conducting fully online the award procedures through SEAP

- 1 System transparency and efficiency of Procurement process involving public funds.
- 2 Ensuring a high-security framework and trust for carrying out activities of management of public funds.
- 3 Fairness of procedures conduct, prices offered by participating economic operators are crypted not being accessible to the evaluation committee of offers until the finalisation of technical proposals.
- 4 Speed of procedures.
- 5 Simplification of the tendering procedure for economic operators.
- 6 Management of all activities related to the procurement process, including generating automatic public procurement file, at the end of the procedure.
- 7 Saving resources (human, material) and time to complete a procedure
- 8 Fulfillment of the legal obligation to carry out public procurement by electronic means.
- 9 Efficiency improvement and significant growth of transparency

The new way of making sectoral procurement, entirely online, is an essential factor for integration into e-business, because:

- 1 Enables harmonisation of national procurement systems with international ones.
- 2 Allows to ensure confidentiality of the information and legislative consistency with legal regime of electronic signatures.
- 3 It is an item included in the category of Applications required to implement the concept of 'e government' as the alternative to the classical governance process.
- 4 Determines the use of Internet within the administration and in the dialogue between administration, private sector and citizens.
- 5 Facilitates the transition to sustainability document management through phased elimination of document use printing and eliminating bureaucracy.

In the bidding process, for ensuring compliance with the legislative framework applicable, all suppliers are required to complete a "Compliance Statement, when drafting the offer, with the mandatory regulations in the fields of environmental, social, industrial relations and protection labour, according to the provisions of art. 64 para. 2 of Law nr. 99/2016, on sectoral procurement' by means of which it is ensured that the tenders submitted shall be consistent with:

- obligations in the field of environmental law, as referred to in the national law, in the

procurement documentation and in Article 18(2) of Directive 2014/24/EU;

- obligations in the field of social legislation, as referred to in the national law, in the procurement documentation and in Article 18(2) of Directive 2014/24/EU;

- obligations in the field of labour law, as referred to in the national law, in the procurement documentation and in Article 18(2) of Directive 2014/24/EU.

The activity carried out for the selection and attraction of economic operators as suppliers shall be carried out in accordance with the procedures and direct procurement procedures, based on the Annual Programme of Sectoral Procurement. We fully respect the principle of transparency in procurement through the use of the SEAP platform, and the principles of and the rules of good conduct established at company level are brought to the attention of employees, who are obliged to comply with them.

RESPONSIBILITY FOR ENVIRONMENT AND PEOPLE!



CHAPTER 4

MAIN ENVIRONMENTAL ASPECTS



4.1

MAIN ENVIRONMENTAL ASPECTS
ENVIRONMENTAL STRATEGY

General objectives for environmental protection

- Prevention of pollution by promoting and implementing the best available techniques;
- Protecting the environment through the efficient and sustainable use of natural resources and energy;
- Monitoring and continuous improvement of environmental performance, in order to protect biodiversity and ecosystems;
- Increasing the level of awareness and training of employees on the compliance aspects of environmental protection.

Specific objectives of the field of activity

- Classification of pollutants in emission limit values;
- Monitoring of pollution sources.

Main actions

- Reducing the impact of technological

processes on the environment;

- Developing action plans for compliance, tracking and contributing to their realization;
- Monitoring of pollution sources in relation to SNTGN objectives, according to the Environmental Permits held by the company;
- Identification and assessment of environmental aspects through the annual program Monitoring of Pollution Sources and Assessment of Environmental Aspects;
- Assessment of compliance with legal requirements, with the provisions of environmental agreements and authorizations;
- Promoting investment projects that contribute to the realization of a sustainable natural gas transport system, under the safety conditions provided by the legislation in force, with the limitation of the impact on the environment and the population;
- Implementing projects so that the impact on biodiversity is minimal
- Conducting specific trainings according to the Training Plan in the field of environmental protection.

The activities in the field of environmental protection are approached from the perspective of the principles underlying environmental legislation, thus pursuing the main objective, the prevention of pollution:

The principle of environmental integration

Involves the identification of environmental aspects relevant to the company's activities, the impact on the environment and the implementation of measures to minimize the impact, respecting the compliance requirements from the regulatory acts issued by the competent authorities.

The preventive action principle

Aims at assuming a pro-active attitude, of responsible involvement. Thus, good practice solutions are considered in the main activities, so that the impact on environmental factors is prevented, diminished or even eliminated as much as possible.

The principle of pollutant containment at source

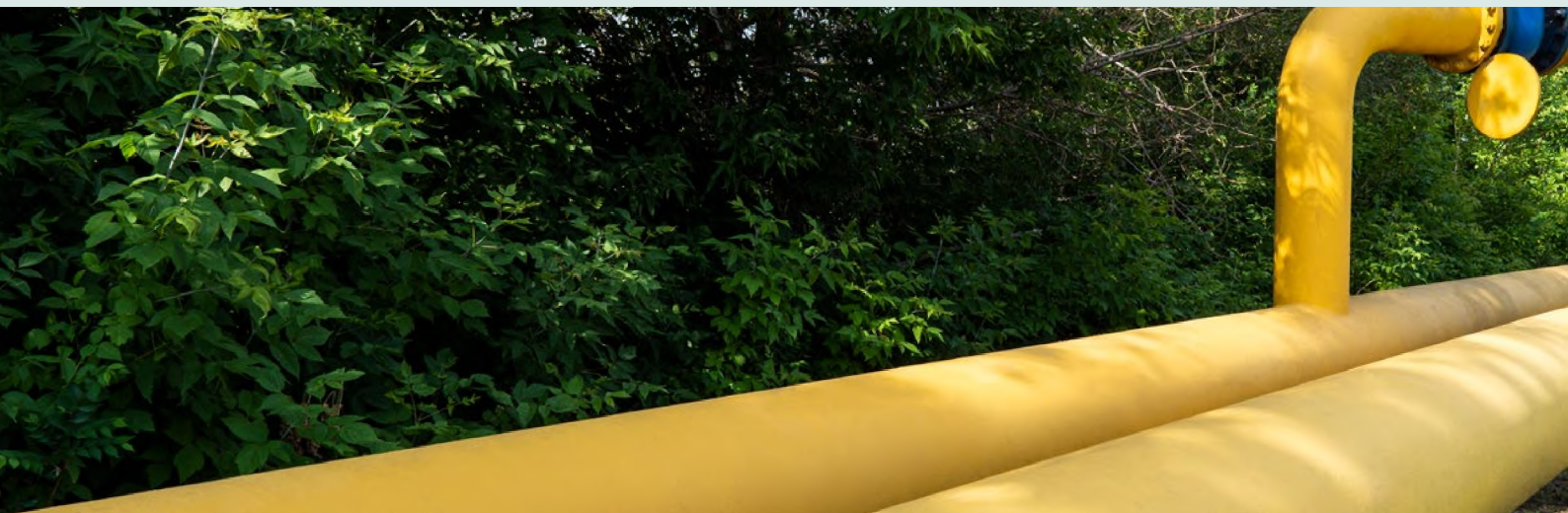
Involves the annual and complete monitoring of pollution sources with an impact on environmental factors and the establishment of action plans for the containment of pollutants at source. The company aims to limit and reduce the effects of its activity on the environment by carrying out the Monitoring of Pollution Sources program and the assessment of environmental aspects.

The principle of conservation of biodiversity and ecosystems specific to the natural biogeographical framework

It involves the conservation and protection of natural habitats and species of wild flora and fauna which are essential community objectives and of general interest. As such, to reduce the impact on biodiversity, especially in the case of developed projects, measures are applied to avoid, as far as possible, the impact on protected natural areas, measures to reduce it when it cannot be avoided and the ecological restoration of the land

The principle of information and public participation in decision making

The development of the national natural gas transmission system, through the implementation of the projects, therefore through the regulatory procedures, respects this principle, measures have been adopted to make the entire technical-administrative process transparent, making all the relevant documents available to the interested public on the competent environmental protection authorities' website and on the beneficiary's website.



Environment protection

The main activities in the field of environmental protection related to the year 2022, were planned and organized, mainly aiming at compliance with the legislative provisions

Monitoring of regulatory acts

17
**ENVIRONMENTAL
AUTHORIZATIONS**

All the objectives of the company are authorized from the perspective of environmental protection.

141
AUTHORIZATIONS

For all watercourse crossings with natural gas pipelines.

To ensure compliance with the environmental legislation in force, Transgaz undertakes continuous measures to monitor and renew all applicable environmental permits.

Assessment of compliance with the legislation in the field

Internal assessment

According to the internal planning of the Environment, Protection and Security Division, seven integrated inspections were carried out in the fields of OSH, environmental protection and emergency situations, following which inspection reports were drawn up.

In the reports, the measures established to remedy the non-conformities found (29 non-conformities) were mentioned, as well as the deadlines for their implementation.

The main non-conformities found refer to:

- waste management (incorrect use of forms, inadequate storage of waste, out-of-date decision on those responsible for waste management),

- compliance with internal regulations regarding the use of dangerous substances (lack of Safety Data Sheet of ethylmercaptan, latest version),
- carrying out internal inspections (failure to carry out internal inspections at the level of territorial units as planned).

Following the monitoring of the implementation stage of the corrective actions, it was found that all the proposed measures have been implemented.

External assessment

In 2022, at Transgaz SA level, a number of 3 external inspections were carried out by the control structures of the National Environmental Guard and the National

Administration of Romanian Waters. These did not find any irregularities and as a result no measures were imposed.

ENVIRONMENTAL RISK MANAGEMENT

Within SNTGN Transgaz SA, the Environmental Management System is implemented, according to SR EN ISO 14001, with the aim of reducing the effects of the activity on the environment

by preventing pollution, promoting efficient use of resources and energy, efficient waste management and ecosystem protection.

According to the standard, the following processes are carried out at the company level for which the associated risks have been identified and measures have been established to manage or reduce them.

ASSESSMENT OF COMPLIANCE WITH LEGAL AND OTHER REGULATORY REQUIREMENTS

Risk associated with the process

Late completion of the Assessment Report of compliance with the legal provisions, when changes occur in the company or when a new place of business is opened



Risk mitigation measures

- Communicating organizational changes in a timely manner;
- Facilitating access to legal provisions applicable to organizational structures;
- Processing articles from legal provisions and other applicable requirements in departments in the form of information or training;
- Retention of information documents as evidence of compliance assessment results;

DETERMINATION OF LEGAL AND OTHER REQUIREMENTS

Risk associated with the process

Incomplete identification of the changes that have occurred in the legal requirements applicable to the activity



Risk mitigation measures

Periodic analysis and identification of regulatory acts applicable to the company;

Updating the List with environmental protection legislation applicable at the company level;

Elaboration of legislative news information;

Identification, analysis and dissemination at the company level of information regarding new legislative requirements or the impact of legislative change;

Promoting awareness and understanding of legal responsibilities applicable to environmental activities/aspects;

Staff training on applicable environmental legislation.

WASTE MANAGEMENT

Risk associated with the process

Non-compliant waste management



Risk mitigation measures

Implementation of policies in accordance with the legislation and good practices regarding the prevention and/or reduction of waste quantities, in the 5 stages of waste management activities: prevention/ reduction; reuse; recycle; energy recovery; disposal/storage;

Conducting reports in the field at the company level, according to the requirements of the applicable normative acts in the field;

Monitoring information on waste management at company level.

MONITORING REGULATORY ACTS FOR ENVIRONMENTAL PROTECTION IN THE COMPANY

Risk associated with the process

Notification of the competent authority regarding the changes made in the activity, after the date of issuance of the environmental authorization




Risk mitigation measures


Monitoring the commissioning of new objectives related to the national natural gas transmission system that require obtaining environmental permits;

Elaboration of specific documentation to obtain the annual review/ endorsement of environmental permits.


ELABORATION AND MONITORING OF THE ANNUAL ENVIRONMENTAL MANAGEMENT PROGRAM

Risk associated with the process Failure to comply with the implementation schedule of the measures proposed in the Environmental Management Program	 Risk mitigation measures Elaboration of the Environmental Management Program at the company level; Monitoring the implementation stage of the Environmental Management Program. Monitoring and establishing corrective actions
--	--

IDENTIFICATION OF ENVIRONMENTAL ASPECTS AND ENVIRONMENTAL IMPACT ASSESSMENT

Risk associated with the process Failure to identify all environmental aspects related to the processes	 Risk mitigation measures Elaboration and implementation of the Environmental Aspects Identification Program; Drafting and completing the centralizer with the significant environmental aspects at company level.
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MONITORING OF POLLUTION SOURCES AT SNTGN TRANSGAZ S.A. SITES

Risk associated with the process Non-compliance with the monitoring requirements provided for in the Pollution Source Monitoring Program	 Risk mitigation measures Elaboration and implementation of the Pollution Sources Monitoring Program; Preparation of Monitoring Reports and their communication in the territory; Monitoring the implementation stage of the measures proposed in the plan of measures, at the company level.
--	--

Environmental Management System certification related to the new ISO 14001:2015 standard

The Romanian Quality Assurance Company (SRAC) carried out in September, the surveillance audit 1 of the Quality, Environment, Safety and Health at Work Integrated System, implemented within the company.

Following the audit mission carried out by SRAC, recommendations were made to

improve the Environmental Management System (EMS), as follows:

- changing the structure of environmental and OSH inspection reports on contractors' sites;
- completing the update of the Assessment of compliance procedure in accordance with the way activities are carried out.

Biodiversity

We mention that the company's activities and projects are managed in such a way as to generate a minimal impact on habitats and species of conservation interest in protected natural areas. In order to reduce the impact on biodiversity, the company implements, from the early stage of development of the projects, measures to avoid, as much as possible, the impact on protected natural areas, appropriate measures to reduce the negative impact when it cannot be avoided, and the ecological restoration of the affected land.

The activity carried out by our organization can generate an impact on biodiversity, especially during the implementation stage of the development projects of the natural gas transport network. The possible impact that the company's projects can have on biodiversity is reflected in their location, on some sections of the route, on the territory of protected natural areas or in their proximity. In this sense, SNTGN Transgaz SA pays special attention to this chapter, the activities

carried out being managed in such a way as to generate a minimal impact on the flora and fauna of the protected natural areas. To achieve this objective, Transgaz SA, through its specialized environmental and design structures, adopts the optimal route of the new natural gas transmission objectives/pipelines from the design stage, to avoid crossing protected natural areas as much as possible.

Every project of the company is subject, prior to execution, to the environmental impact assessment procedure through which all associated forms of impact are identified and specific measures to reduce the impact are established. The implementation of the projects that may have an influence on protected natural areas is carried out with the application of all measures to prevent, reduce and compensate the adverse effects on biodiversity, as well as with strict compliance with the conditions imposed in the notices issued by the competent authorities and administrators of protected natural areas.



4.3

MAIN ENVIRONMENTAL ASPECTS

CARBON FOOTPRINT AND CLIMATE CHANGE

Consumptions	2021	2022
Electricity (kWh)	15,119,558	16,477,093
Natural Gas	129,753,744	115,356,453
Fuel - diesel (litres)	1,272,833	1,194,452
Fuel - gasoline (litres)	14,944	26,718
Electricity - electric cars (kWh)	0	0
Total water consumption (m ³)	35,149	37,700



ENERGY MANAGEMENT SNTGN TRANSGAZ SA

As an integrated part of the principles declared by SNTGN Transgaz SA, the company supports in the long term the increase in energy efficiency and performance in the operation of the National Natural Gas Transmission System and the reduction of the impact on the environment, acting through measures that contribute to supporting the concept of sustainable development.

SNTGN Transgaz SA:

- complies with legal regulations regarding energy use and energy efficiency;
- provides the necessary resources for energy efficiency processes;
- continuously supports a system of education, awareness and involvement of staff engaged in the processes of increasing energy efficiency;
- sets specific energy efficiency objectives and pursues the achievement of the set targets;
- continuously identifies opportunities to make energy consumption more efficient;
- uses an energy consumption tracking system.

The main purpose of investments and modernizations is to increase safety in the operation of the national transport system.

Increasing energy efficiency is achieved by selecting solutions that ensure:

- reducing technological losses in the pipelines of the transmission system and ensuring natural gas parameters with minimal energy consumption (compression, regulating, operation);
- implementation of conclusions and measures proposed in energy audits;
- the optimal profitability indicators resulting from the cost/benefit analysis;
- the purchase of equipment that represents the best existing solutions on the market, through the technical sheets, superior energy class equipment with low energy consumption is imposed;
- respond to the energy consumption demand specific to the place where they are installed.

SNTGN Transgaz SA will act to adopt solutions that allow the use of energy from renewable sources, respectively:

- photovoltaic panels;
- wind power plants;
- electricity generation through the recovery of energy from natural gas storage.

In order to support the commitments regarding energy efficiency and support this policy, the management at the highest level declares its will and firm commitment to support and ensure the resources for the implementation of an energy management system in accordance with the SR EN ISO 50001:2018 standard, obtaining and maintaining its certification.

The implementation of an energy management system, according to the SR EN ISO 50001:2018

standard and its integration into the already existing management systems (Quality, Environment, Health and Safety at Work), constitutes a systematic approach with the objective of defining and tracking the processes that are related with the consumption of energy resources, defining and tracking energy performance indicators and criteria, the main goal being the continuous improvement of energy performance.



In this respect, the following stages were completed

Initial diagnostic analysis – by analysing the documents of the existing integrated management system in the organization to determine how to integrate the documents that are also necessary for the energy management system

Defining roles, responsibilities and authorities in the field of energy management system (EnMS)

Organizational context analysis

Realization of energy management system planning

Realization of the energy analysis

Next steps

Development of energy management system documentation according to SR EN ISO 50001/2018 requirements

Energy performance monitoring and internal audit

Obtaining and maintaining ISO 50001/2018 certification

Decarbonisation strategy

SNTGN Transgaz SA and the EUROPEAN INVESTMENT BANK (EIB) signed, on 16 May 2022, an Agreement regarding the provision of consulting services for the elaboration and development of a decarbonisation strategy for the natural gas transmission network in Romania.

Technical assistance package provided by the EIB and external experts in the context of the European Investment Advisory Platform - The European Investment Advisory Hub (EIAH) will include the preparation and development of a decarbonisation strategy for Transgaz, with a view to the phased transition to a climate-neutral activity.

Transgaz has undertaken a very ambitious 10-year development plan ("TYNDP") for the expansion of its gas transmission network. One of the most important objectives of TYNDP is to strengthen the connectivity of the Romanian natural gas transport network with the natural gas transmission network of neighbouring countries and, therefore, increase security of supply and diversify natural gas sources for the benefit of the region and the EU. The plan proposes major investments for the strategic and sustainable development of the national natural gas transport infrastructure.

Romania's National Energy and Climate Plan (NECP) includes various measures that could have an impact on the operation of the national natural gas transmission system and foresees the need for actions by Transgaz, as the operator of the transmission system.

These measures concern, among others, the reduction of greenhouse gas emissions, the improvement of energy efficiency, the future use of natural gas in the energy sector as a transition fuel to also replace coal and in the heating sector, putting in the application of low-carbon gases (biogas, hydrogen).

The strategy will include measures to contribute to the reduction of emissions within the network, as well as adaptation criteria to mitigate climate risks, highlighting investment needs and relevant funding sources where appropriate.

The overall objective is to create a climate strategy for Transgaz that contributes to the effective decarbonisation of activities, taking into account best practices and national and international climate policies and regulations. Through this Strategy, Transgaz aims to create a decarbonisation plan that includes quantitative objectives motivated by the reduction of medium-term emissions, as well as long-term decarbonisation options.

The decarbonisation strategy and its implementation plan must ensure the fulfilment of national and international climate policy requirements and regulations, such as the National Energy Program and the National Energy and Climate Plan, the EU Taxonomy and the EU Directive on corporate sustainability reporting, as well as the EIB's PATH requirements.

The development of the decarbonisation strategy of SNTGN Transgaz SA confirms once again the company's commitment to the transition to a climate-neutral activity. It is further proof of our company's commitment to the sustainable development of the economy and the energy system in Romania.

MAIN ENVIRONMENTAL ASPECTS
WASTE REDUCTION

The management of all categories of waste is carried out in accordance with the provisions of GEO no. 92/2021, regarding the waste regime, considering in particular the application of the waste hierarchy, respectively: prevention, preparation for reuse, recycling, other recovery operations and disposal, without endangering human health and especially without negatively impacting environment.

Thus, through the tools used, Transgaz aims to:

- not generate risks for environmental factors;
- not adversely affect the landscape or areas of special interest;
- not impact acoustically or olfactory areas where the projects are developed.

The company monitors the proper management of waste, by carrying out specific actions that take into account:

- selective collection of all hazardous and non-hazardous waste generated;
- the proper storage of waste, so that the environmental factors - air, water and soil - are not affected;
- carrying out specific analysis to identify the type of waste (where applicable);
- disposal of waste by periodically handing it over to authorized companies, based on concluded contracts.

Hazardous and non-hazardous waste

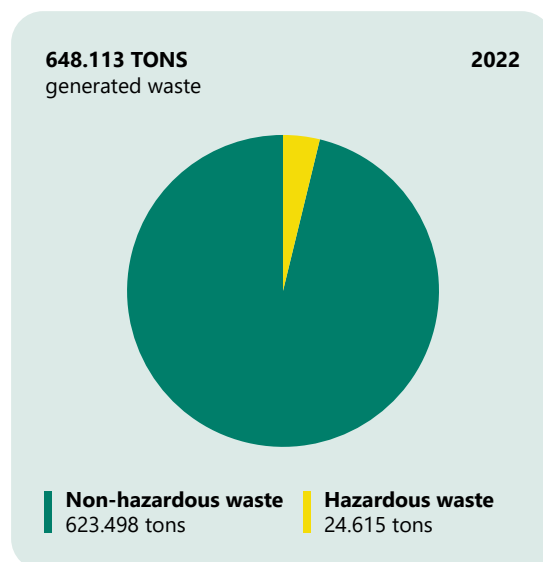
Hazardous waste mainly included packaging containing residues or contaminated with hazardous substances (paint packaging, thinners, lubricants), absorbents, filter materials (including oil filters), protective

clothing contaminated with paint, thinners. Non-hazardous waste consists mainly of metal waste, mixtures from construction waste, household and assimilable waste.

Thus, by carrying out these actions, the volume of waste handed over for disposal in landfills is reduced.

The quantities of waste generated are centralized in the waste record, and the data are contained in the annual environmental report, related to each organizational entity.

The total amount of waste generated at company level in 2022 was 648,113 tons. The main categories of generated waste at the company level, mainly come from the maintenance activity of the natural gas transport network and from the construction activity / development of the gas transport



	Waste category	Waste code	Quantity (2022)	UM
1	Ferrous metal waste	16.01.17.	563,334.87	kg
2	Non-ferrous metal waste	16.01.18.	609.8	kg
3	Material containing asbestos cement	17.06.05.*	13,675	kg
4	Insulating materials, mineral wool	17.06.04.	1,573	kg
5	Concrete mix, bricks	17.09.04.	12,445	kg
6	Used tires	16.01.03.	10,181	kg
7	Used batteries	16.06.01.*	2,783	kg
8	Exhausted activated coal	06.13.02.*	105	kg
9	Used oil	13.02.06.*	124	L
10	Used hydraulic oil	13.02.11.*	190	L
11	Oil filters	16.01.07.*	148	kg
12	Waste electrical and electronic equipment contaminated with hazardous components	20.01.35.*	124	kg
13	Uncontaminated electrical and electronic waste	20.01.36.	3,298.25	kg
14	Printer toners	08.03.18.	16	kg
15	Paper packaging - cardboard	15.01.01.	19,383.7	kg
16	Plastic packaging	15.01.02.	3,533.48	kg
17	Glass packaging	15.01.07.	753	kg
18	Paper waste	20.01.01.	881	kg
19	Plastic materials	20.01.39.	3,334	kg
20	Rubber materials	19.12.04.	10	kg
21	Filter materials, uncontaminated protective clothing	15.02.03.	220	kg
22	Filter materials, protective clothing contaminated with hazardous substances	15.02.02.*	1,056	kg
23	Used filter clays	05.01.15.*	3,040	kg
24	Filter cartridges	15.02.07.*	960	kg
25	Packaging contaminated with hazardous substances	15.01.10.*	2,187.65	kg
26	Lighting objects	20.01.21.*	136.24	kg
27	Fluorescent tubes	20.01.01.*	86	kg
28	Batteries and accumulators	16.06.04.	232	kg
29	Bitumen waste	05.01.17.	2,450	kg
30	Welding waste	12.01.13.	143	kg
31	Ferrous span	12.01.01.	1000	kg
32	Wood	20.01.38.	100	kg
	TOTAL		648,112.9	kg

A RESPONSIBLE COMPANY, A COMPANY OF THE FUTURE!

CHAPTER 5
PEOPLE



5,1

PEOPLE

HUMAN RESOURCES POLICY

The company's strategy in the field of human resources aims to cover the operational needs of the organization, through the efficient use of human resources.

The optimal sizing of the number of personnel within the company is correlated with the real personnel needs imposed by the operational activities carried out by the company, with the modernizations and re-technologisation carried out to increase the safety and efficiency in the operation of the SNT (National Natural Gas Transmission System) and the ancillary facilities, as well as with the objectives established for the realization of the major development projects of society.

The mission of the Organization, Human Resources Division is to ensure that competent and motivated employees are attracted and maintained at the company level, which allow the efficient achievement of organizational objectives and increased performance.

The company respects and upholds internationally recognized human rights and implements fair rewards (meritocracy) and

equal opportunities for all its employees, without discrimination and respecting the diversity of its staff.

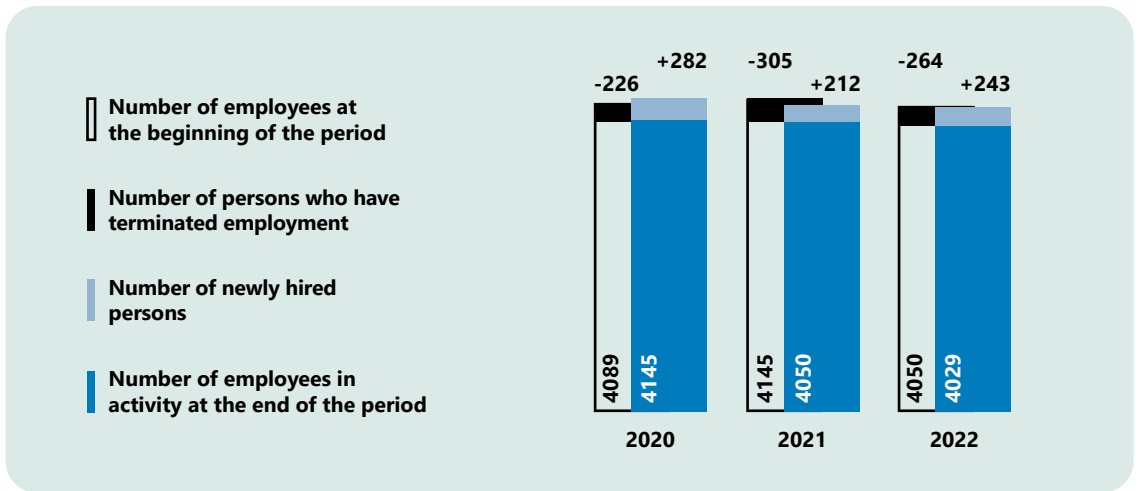
In the conditions of the competition born from the free movement of labor in the European Community space, we propose to adapt the human resources policy in such a way as to achieve the alignment of this field to the level of the European natural gas transmission system operators. Also, Transgaz SA offers opportunities for the development of human resources through continuous training and evaluation.

A healthy and safe working environment is a priority for the company's management. Professional challenges are addressed proactively, by designating interdisciplinary working groups, where initiative and personal development are cultivated and encouraged. In Transgaz SA there is an obligation to ensure equal opportunities and treatment regarding the personal development of all staff through relationships based on responsibility, loyalty, mutual respect, respect for freedom of expression, collaboration and professional support. We value our employees' professional skills, integrity and ethical values.

PEOPLE
EMPLOYEES

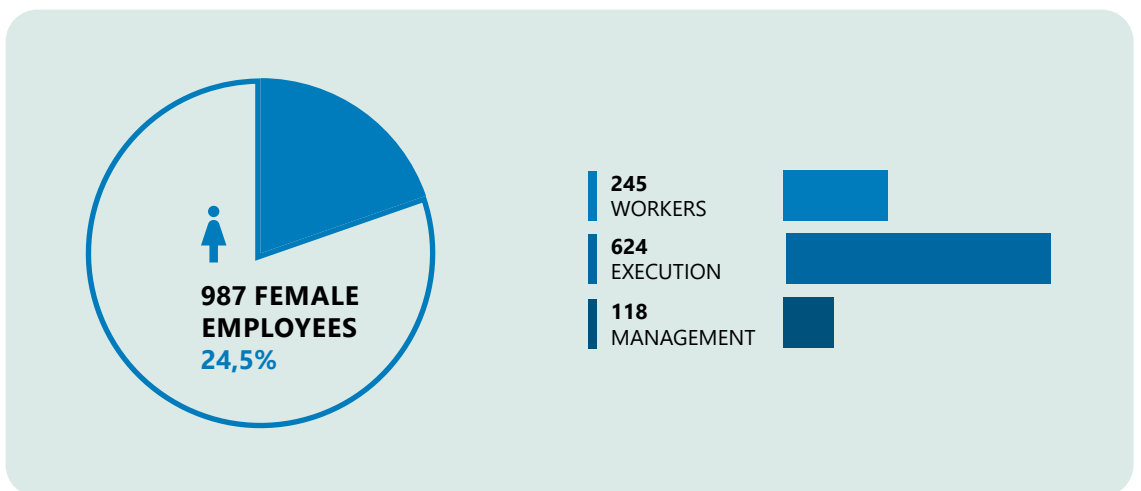
At the end of 2022, 4,029 employees were registered in Transgaz 's records, employed with individual employment contracts, of which 4,018 full-time and 11 part-time employment

contracts. Of the 4,029 employees, 3,767 have employment contracts for an indefinite period, and 262 employees have contracts for a fixed period.



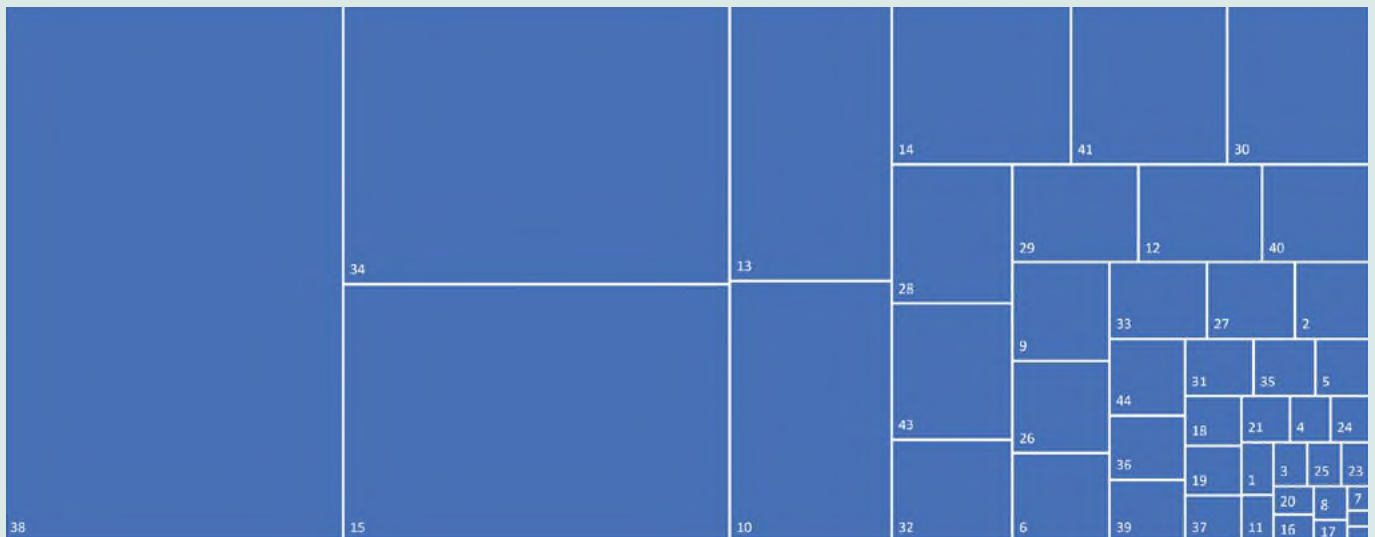
Regarding the causes that generated the termination of employment, a significant share of departures from the organization through the voluntary departure program is noted,

namely 59.85%, while the share of employees who terminated employment as a result of retirement was 16.28%.



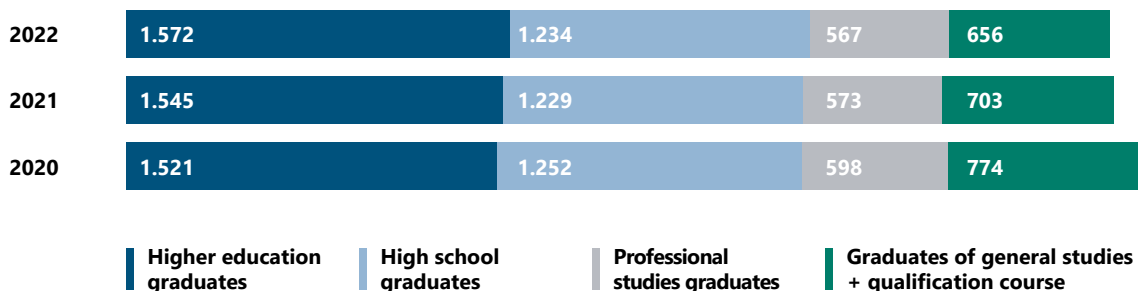
Number of employees by occupation or position

- | | | |
|--|---|---|
| 1. Condominium administrator - 9 | 15. Engineer - 553 | 30. Electrician – 124 |
| 2. Assistant manager - 31 | 16. IT Systems engineer - 6 | 31. Electromechanical - 21 |
| 3. Quality auditor - 8 | 17. Chief engineer - 4 | 32. Building caretaker - 66 |
| 4. Technical fire safety officer - 10 | 18. OSH inspector - 15 | 33. Plumber - 40 |
| 5. Advisor - 17 | 19. Environmental protection inspector - 15 | 34. Mechanical locksmith - 582 |
| 6. Legal advisor - 46 | 20. Human resources inspector - 6 | 35. Earthmoving machine operator - 19 |
| 7. Accountant - 3 | 21. Foreman - 12 | 36. Metrologist - 26 |
| 8. Chief accountant - 6 | 22. Project manager - 2 | 37. Data entry operator - 14 |
| 9. Management of divisions/
units/Regional Offices - 51 | 23. Programmer - 7 | 38. Operator of pipeline routes and
gas regulation - 980 |
| 10. Management of functional
departments - 226 | 24. Public relations specialist - 10 | 39. Watchman - 25 |
| 11. Site managers - 8 | 25. Human resources specialist - 8 | 40. Material distributor receiver - 57 |
| 12. Dispatcher - 65 | 26. Statistician - 48 | 41. Car/truck driver - 135 |
| 13. Economist - 241 | 27. Sub-engineer - 36 | 42. Car /high tonnage car driver - 2 |
| 14. Expert – 155 | 28. Technician - 90 | 43. Welder - 88 |
| | 29. Other functions - 66 | 44. Other jobs – 31 |



The evolution of the staff structure by education category, reveals the company's interest in covering the staff needs by hiring highly qualified specialists, as well as the continuous improvement of the existing staff, this is reflected in the increasing trends in the

number of employees with higher education in parallel to the decrease in the number of employees with secondary education and the number of employees with general education and workplace qualification courses.



Performance evaluation

The company's employees are involved annually in a performance evaluation process, an action aimed at strengthening the bond between employees and managers. The main objective of this iterative process is to measure and improve employee performance at work in order to increase their potential and value to the company, highlighting positive performance indicators and setting steps to achieve better results for the next evaluation interval.

The evaluation of the professional performance of employees is carried out according to the internal procedure and has the following objectives:

- Assessing how employees perform their duties in relation to established criteria;
- Establishing directions and pathways of professional development of employees and increasing their performance.
- The evaluation of individual professional performances is based on the systematic and objective assessment of performance, work quality, behavior, initiative, efficiency and creativity for each employee; And the criteria by which the evaluation is carried out are relevant and have a significant impact on the sustainable development of our company.

Integration of new employees

The professional integration of new employees has multiple organisational, social and psychological implications. In order to make the integration of new employees easier and more comfortable, a guide with useful information has been developed and implemented, which is sent to each new employee of the company and which aims to facilitate a fast and effective integration.

The guide contains information about the object of activity, the organisation, the place occupied in the socio-economic context, the facilities offered to the staff, as well as information about the occupied position, the working conditions, the expected behavior, the people with whom he will collaborate, etc.

Information, consultation and trade union relations

Transgaz SA, as an employer, is constantly concerned with compliance with national and European legislation in the field of labor relations, relations with social dialogue partners, informing and consulting employees. Relations between the employer and the employees are regulated by the Collective Labor Agreement at the company level, as well as by the individual employment contracts of the employees.

At the company level, there has been a Permanent Collective Labor Agreement negotiated and registered according to the provisions of the Social Dialogue Law since its establishment.

The Collective Labor Agreement at the company level, concluded between SNTGN

Transgaz SA and employees, represented by the Transport Gaz Mediaș Union, regulates individual and collective labor relations, as well as the rights and obligations of the parties regarding the following:

- conclusion, execution, modification, suspension and termination of individual employment contracts;
- working conditions, safety and health at work;
- vocational training;
- working time and rest time;
- salary;
- service rights and obligations, work discipline;
- social protection of employees;
- other rights and obligations arising from employment relationships;

- mutual recognition, rights and obligations of the employer and trade union organizations.

Annually, prior to the approval of the Revenue and Expenditure Budget of SNTGN Transgaz SA, the trade union organization is consulted regarding the expenditure chapter with staff

salaries in order to comply with the provisions of Government Ordinance no. 26/2013 regarding the strengthening of financial discipline at the level of economic operators in which the state or administrative-territorial units are the sole or majority shareholders or directly or indirectly hold a majority stake.

At the SNTGN Transgaz SA level, there are 4 trade unions that employees can join

- “Transport Gaz Mediaş” trade union
- The “Metan” Mediaş Professional Union
- “CERTEH” Technology Research Union
- Free Trade Union Transgaz SA Mediaş



Staff training, education and professional development

The high level of professional competence of employees is considered a prerequisite for achieving the objectives of any organization, which is why investment in human resources is considered profitable in all activity fields.

The process of professional training of employees, with external professional training providers, is carried out continuously and planned, through the participation of employees in training programs (courses, conferences, seminars, workshops and other similar types of events), referred to below as courses.



For the purpose of continuous training and improvement, the subject of the programs covers the fields of interest for the development of the company's activity, respectively, the engineering field, the management of natural gas transmission systems, including SCADA, research and design, the economic field, the legal field, the human resources field, corporate strategy and management, information and communication technology and the field of quality-environment, safety and health at work, security, safety, internal audit, internal control and financial management, as well as other topics of general interest necessary for the company's activity .

In parallel with the implementation of the TransGasFormation project, SNTGN Transgaz SA accessed and obtained funding for another project co-financed through the 2014-2020 POCU, "TransGasDigital". The total value of the project was 3,336,543.53 lei, of which the amount of eligible expenses was 2,294,922.54 lei, and the amount of non-refundable financing was 1,147,461.25 lei (50% of the amount of eligible expenses).

Within the project, between 28.07.2021 - 28.01.2023, 14 types of courses were held, of which 2 courses with 2 modules each, organized in 18 groups, in which a target group of 132 employees participated, distributed as follows:

- "Microsoft Visio basic" course - 1 group, 15 participants
- "Advanced Microsoft Visio" course - 1 group, 15 participants
- Course "Autocad beginners" - 1 group, 12 participants

- "Advanced AutoCAD" course - 1 group, 24 participants
- "Basic computer operation" course - 1 group, 15 participants
- "Advanced computer operation" course - 2 groups, 30 participants
- "CISCO CCNA" course - 1 group, 11 participants
- "CISCO CLICA" course - 1 group, 11 participants
- "CISCO DCCOR" course - 1 group, 11 participants
- "ISTQB Foundation" course - 1 group, 5 participants
- "Oracle Application Express" course - 1 group, 7 participants
- "ORACLE Group 2" course - 1 group, 2 modules, 14 participants
- Module 1 "Oracle BI 12c "Creating analyzes and dashboards" - 7 participants
- Module 2 "Oracle Data Integrator 12c" - 7 participants
- "ORACLE Group 3" course - 1 group, 2 modules, 18 participants
- Module 1 "R12 x Implement Oracle Workflow" - 9 participants
- Module 2 "Oracle E-Business suite Personalizations" - 9 participants
- Course "ORACLE Group 4" "Oracle Hyperion Planning 11.1.2: Create&Manage Application" - 8 participants

The general objective of the "TransGasDigital" project consisted in improving the level of knowledge and digital skills of SNTGN Transgaz SA employees, by participating in specialized professional training courses, through which the participants acquired basic and advanced skills in the information technology field .

	2020	2021	2022
No. courses with external trainers (organized by the Professional Training Office)	111	110	173
No. courses with internal trainers (organized by the Vocational and Professional Training Center)	5	9	28
TOTAL	116	119	201

	2020	2021	2022
No. qualified personnel through courses with external trainers	1,134	1,333	1,742
No. staff qualified through courses with internal trainers	863	995	1,742
TOTAL	2,177	2,180	2,915

External Training

	2020	2021	2022
No. Courses with external suppliers	111	101	173
No. Course participants	1,126	1,185	1,742

Internal Training

As of 2020, SNTGN Transgaz SA is authorized as a professional training supplier for the specialization course for the occupation of Trainer. Participants have been selected from specialists in their fields of activity. The result pursued is the insurance of trainers to develop the qualification and improvement courses in their specialized field, in order to cover the training needs of the employees in an adapted way and closer to the needs of our activity.

The specialization courses for the occupation of "trainer" initiated in 2021, were resumed in 2022, after the period of temporary interruption generated by the need to ensure sanitary safety during the pandemic period.

The participation of the employees in the courses organized with internal trainers and other co-opted specialists within the company is considering either acquiring the specific skills of another profession, different or related to the one practiced (qualification courses), or the development of professional skills within the same occupation or of some related occupations (training and improvement courses).

At the same time, they were organized, with internal trainers, and courses for developing

professional skills, addressed to employees who work within the support functions (human, legal, economic, etc.), which aim to increase and develop professional skills in the Management, organizational communication and teamwork, area.

The courses for the professional skills development, meant to ensure the work optimization and efficiency, with themes such as "Remote team management" "Time Management", "Communication - Advanced Module" and "Team work skills", have been planned and carried out during 2022.

Regarding the courses organized at the internal level, we mention that:

- The theme and documentation for a new course "Communication-advanced" was prepared, and held in the first edition in February 2022;
- The theme and documentation support for a new course "Remote team management" was prepared, and launched in the third quarter of 2022.

Thus, trainee examination sessions were organized in February and March by the

commissions nominated by AJPIS, for the last two series of participants (5 and 6). Also, the steps necessary to obtain the certification of all 66 graduates, for whom it was not possible to issue diplomas during the pandemic, were completed. The success and demand for the trainer course led to the organization of a new series of participants (series 7–17 participants), which took place between May and July, and their examination by the commission on July 7, 2022. It is noted that three of the internal trainers (two employees of the Training and

Vocational Training Center and one employee of the Career Management Office) completed the Project Management course, through an external provider, after which they were certified by the Ministry of Labor and the Ministry of Education as a Project Manager.

Professional Skills Development Courses in the Center's portfolio in 2022

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV/DEC
No. courses with internal trainers (organized by the Vocational Education and Training Center)	2	2	2	2	1	2	0	5	5	4	3

Qualification programs

In 2022, qualification programs were held for the job of Locksmith, maintenance and universal repairs, a program for which our company holds a professional training provider authorization. The respective program, structured in theoretical course and practical training, had a pass rate of 100%. The qualification certificates obtained

following the promotion are issued by the Ministry of Labor and Social Protection, together with the Ministry of National Education and Scientific Research and have national validity, offering employees the opportunity of a professional conversion, or a double specialization.

	2020	2021	2022
No. hours with internal trainers	6,300	7,440	49,680
No. course participants	34	24	69

Training programs

In 2022, the training programs held with internal trainers and specialists, took place annually for employees who have the job of welder, electrician, pipeline transmission operator and gas regulator and mechanic

locksmith maintenance and universal repairs. The 4 programs had a 100% passing rate and were completed by issuing the "certificates of professional competence" of an internal character, and with recognition at the company level.

	2020	2021	2022
No. hours with internal trainers	26,283	34,030	82,428
No. course participants	879	1.040	1.173

Authorization and attestation

Another component of professional training, of major importance for the company's field of activity, is the authorization and/or, respectively, attestation of employees, in the following fields:

- authorized installer in the field of natural gas (transmission installations, distribution installations, use installations);
- authorized electrician;
- site supervisors (natural gas installations/networks, electrical installations/networks, civil, industrial and agricultural constructions);
- technical responsible for the execution of construction works;
- design and execution of installations in explosive environments (INSEMEX);
- welding technical manager (RTS);
- crane operator, forklift driver, RSVTI operator;
- road transport of goods and persons.

As regards the authorization/reauthorization process of employees, efforts have been made to the National Energy Regulatory Authority (ANRE), respectively to the State Construction Inspectorate (ISC), through the Professional Development Service, in 2022, as follows:

1. For the authorization/reauthorization of employees as authorized installers in the field of natural gas, files were centralized and sent

to ANRE, as follows:

- in order to take the authorization exam, for a number of 65 persons, respectively for 71 areas of authorization;
- in order to extend the authorizations, for a number of 40 persons, respectively for 44 areas of reauthorization.

2. For the authorization/reauthorization of employees as licensed electricians, files were centralized and sent to ANRE, as follows:

- in order to held the authorization exam, for a number of 17 persons, respectively fo 18 areas of authorization;
- in order to extend authorizations for 32 persons, respectively 42 areas of authorization.

3. For the authorization of employees as construction site managers, files were centralized and sent to the ISC in order to take the authorization exam, for a number of 14 persons, respectively 16 areas of authorization.

Additionally, activities were carried out to update the database of authorized installers, the database of authorized electricians and the database of site managers, at company level.

Work regulation activity

In 2022, a number of 191 training and professional development courses were initiated and carried out for 1,940 participants:

- 173 courses organized by the Professional Development Service, together with the Professional Training Office;
- 18 courses organized within the Project "TransGasDigital".

In order to improve the efficient use of qualified personnel for the full performance of the duties, in accordance with the Management Plan of SNTGN Transgaz SA, during 2022, through the "Scheduling Plan for the standardization of technical works within SNTGN Transgaz approved by the Director-General, 170 technical works were planned to be timed.

Technical works scheduled to be timed/ technical works timed - status as of December 31, 2022

	Estimated 2022	Achieved 2022
Regional Units	100	65
Gas Compressor Stations	0	0
Mediaş subsidiary	70	123
TOTAL	170	188

Another component of professional training, of major importance for the company's field of activity, is the **authorization** and/or, respectively, **certification** of employees, in the following fields:

- registered plumber in the field of natural gas (transmission installations, distribution installations, use installations);
- registered electrician;
- site supervisor (natural gas installations/networks, electrical installations/networks, constructions)

In 2022, a number of 188 works were timed, as follows

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Regional Office ARAD				5		8			1		2		16
Regional Office BACĂU													0
Regional Office BRAȘOV									1				1
Regional Office BRĂILA													0
Regional Office BUCUREȘTI						20			1				21
Regional Office CLUJ					14	1		1		2			18
Regional Office CONSTANȚA													0
Regional Office CRAIOVA													0
Regional Office MEDIAȘ			1	5			1	1		1			9
MEDIAȘ SUBSIDIARY			20	34		26	6	10	22	3	2		123
Gas Compressor Station													0
TOTAL	0	0	21	44	14	55	7	12	25	6	4	0	188

Also, in 2022, the databases necessary for sizing the working personnel in relation to the existing positions in the states of functions and the activity carried out according to the NTS Specific Technical Norms were updated monthly,

being developed according to requests, a number of 64 analyses that underpin the need for workers at the level of sectors within the Regional Unites, staggered as follows:

Analyses that underpin the need for workers at the level of sectors within the Territorial Exploitations

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
ARAD	3	1	2	1	2				4				13
BACĂU		1	2	1	4						1		9
BRAȘOV		1		1	1	1				1	1		6
BRĂILA							1						1
BUCUREȘTI	1			1		1		2		3			8
CLUJ		1	2	1	3	1			1		1		10
CONSTANȚA									1				1
CRAIOVA		1		1			1	1	1				5
MEDIAȘ			1	3	1	1		1	1		2	1	11
TOTAL	4	5	7	9	11	4	2	4	8	4	5	1	64

Staff development/training activity

As regards the training of the working staff (operators, locksmiths, welders and electricians), at the end of 2022, the stage of holding the theoretical courses was in progress. They were held as in previous years, within the organized framework of the territorial subunits (Regional Offices and sectors), with their own specialized lecturers, designated by internal decision of the management of each Regional Office.

The refresher training support materials have been supplemented and updated in 2022 with new materials and course supplements, so that they are available to lecturers during the holding phase.

During 2022, a number of 724 qualified persons benefited from these courses in the four jobs with the majority within Transgaz : pipeline transmission and gas regulation operators (433), mechanical locksmiths, maintenance and general repairs (212), welders (19) and electricians (60).

The set of activities related to the organization and holding of the refresher courses were planned to take place between July and October 2022, so that the evaluation of the acquired knowledge could be completed by the end of the year.

The on-the-job qualification of personnel working in jobs such as those of pipeline transmission and gas regulating operator, respectively mechanic locksmith maintenance and general repairs for which Transgaz is

authorized to hold courses, continues with parallel training for the qualification of two groups of locksmiths mechanics.

In the first half of the year, a number of 24 graduates acquired the qualification of mechanical locksmith maintenance and general repairs (one person withdrew during the course), a group initiated in 2021 and completed in 2022, after the suspension of the conditions set for the pandemic period.

The graduates are the company's employees who were assigned to positions that became redundant as a result of the reorganization of the company's activities, and who will provide the necessary qualified personnel in the specific field from their own resources, considering that they have successfully completed the courses.

It should be mentioned that the total number of staff who acquired a new qualification in 2022 as a result of attending the courses held by internal trainers was 69 persons.

An important aspect is the fact that all qualification courses through professional reconversion are carried out with internal lecturers and trainers, as a result of Vocational and Professional Training Centre's collaboration with the company's technical departments.

Most of these lecturers are graduates of the "Trainer" courses organized by the Vocational and Professional Training Centre who have acquired trainer skills for various disciplines and professional fields in which they work within the company SNTGN Transgaz SA.

EMPLOYEE SATISFACTION AND WELL-BEING

Employee satisfaction

Engaging in a permanent dialogue with employees is an important objective for the company.

Job satisfaction is directly correlated with job performance. Questionnaires measuring the employees' job satisfaction are important feedback tools, through which employees can express their opinion about their bosses/

organisation/working environment/team. Given that this information can often be sensitive, the completed questionnaires are anonymous. In this context, Transgaz SA has contracted a service provider, which carried out a survey study, which resulted in a relevant report on employee satisfaction and organisational climate.

Benefits

Transgaz SA is a responsible employer and offers employees, in addition to their salaries and negotiated bonuses, a range of benefits set out in the Collective Labor Contract.

The main categories of benefits offered to employees are related to:

- professional development opportunities;
- multiple training and development programmes;
- meal vouchers;
- expenses incurred by the employer on behalf

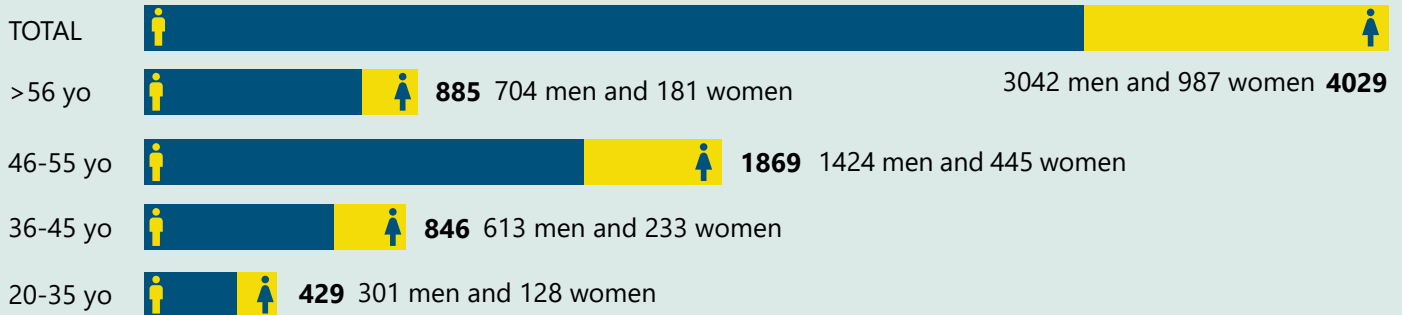
of employees in voluntary pension schemes;

- employer costs of voluntary health insurance premiums of employees;
- holiday pay, wage and salary supplements, employee profit-sharing, depending on the company's financial statement;
- material benefits granted due to the special events and/or for holidays/treatment allowances;
- benefits and discounts to cover transport costs for employees who commute;
- reduced working time for pregnant employees.

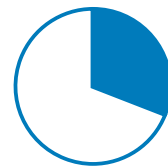
Diversity and inclusion

The average age of staff in the company is 49.6 yo.

Reported to the age range, as at 31.12.2022, the distribution of employees (women,men) was as follows



Within SNTGN Transgaz SA out of the total number of employed women, percentage of women with execution roles is over 63.2%, and the percentage of women in leadership positions is 30.9%.



30,9%
of the leadership roles
are held by women

Employee health and safety

In 2022, the activity related to work safety and occupational health was carried out in a planned and organised manner, aiming to eliminate the risks of the events, accidents and occupational dangerous incidents and illnesses at workplaces and compliance with the legislative provisions in occupational safety and health, by implementing the measures contained in the "Prevention and Protection Plan for 2022" no. 90.080/23.11.2021 and the fulfilment of the tasks established by the Rules of Procedure and Organization of the Company.

During 2022 the following purchases were launched as foreseen in the Annual Third Party Services Plan and the Procurement Plan for 2022, in order to ensure the following services and products:

- Prophylactic medical services (conclusion of subsequent contracts for occupational medicine)

- Personal protective equipment (protective footwear)
- Rental services of mobile environmental toilets
- Winter clothing
- Long-sleeved and short-sleeved shirts
- Reflective protective vests
- Signalling/warning tapes

In order to ensure a uniform approach and to streamline the training process for Transgaz' workers, the company-wide occupational safety and health training/testing programme and training topics for all phases of OSH training (introductory general training - on employment, on-the-job training, periodic training and additional periodic training) were developed and distributed to all company entities. Training was provided at all levels for all newly recruited employees as well as for third party staff carrying out the works on the company's sites. In 2022 two occupational diseases were reported/investigated/declared.

Below is a summary of the number of Covid19 infected employees and the number of Covid-19 screening tests paid for by the company during the pandemic period 16.03.2020 - 31.12.2022.

Total number of PCR tests / antigenic Covid19 paid by Transgaz	250	No. of positive PCR/ antigen Covid19 tests paid by Transgaz	67	No. of negative PCR/ antigen Covid19 tests paid by Transgaz	183
Cost (LEI)	74,944	No. of infected employees - cases registered by Public Health Directorate	1099	Observations	Four employees deceased

In 2022, Transgaz identified, analysed and solved 8 work-related events with an impact on the activity carried out and the employees, 3 of which were classified as work-related accidents.

The main causes of the events are the following: natural causes, medical causes and/or traffic accidents. Procedures for analysing and resolving work-related events are developed and implemented at company level, which provide for the following stages: investigation of the event, dissemination of the minutes drawn up following the event to all organisational structures, analysis and reassessment of the risks of injury and occupational illness, setting a deadline for reviewing the medical check-up for employees involved in work-related events and/or undergoing training sessions on the date of resumption of work.

Transgaz did not register any disputes following work events identified in the year 2022 and it was not necessary to pay damages in following their manifestation.

With regard to the measures taken to prevent the occurrence of work-related events, we would point out that they have at least considered the following: revision/update of the protection and prevention plans prepared for 2023, additional occupational health and safety training programmes, internal processing of the internal regulatory framework issued in the field of occupational health and safety, increased controls and/or allocation of additional responsibilities for carrying out the periodic checks.



5.4

PEOPLE

CORPORATE SOCIAL RESPONSIBILITY

Sustainable communities

The Corporate Social Responsibility is an important aspect of corporate governance in our company, through which we undertake a number of actions that can be measured in terms of sustainability and sustainable performance.

SNTGN Transgaz SA's essential role in the energy sector in Romania and Europe is naturally complemented by the company's desire to support the real needs of all those who permanently contribute to the smooth running of its business.

Therefore, as part of our sustainable development strategy, our social responsibility policy aims to increase the company's responsibility towards employees, shareholders, partners, the community and the environment. It is based on a set of principles that define the interaction between the company and its stakeholders and are applied in the community life through:

- Sponsorship actions and financial aid
- CSR projects.

Therefore, SNTGN Transgaz SA is aware that financial support is vital for a good cause or purpose, and, accordingly, for more than 10 years, we have been actively involved in community life, social responsibility (CSR) programmes and projects initiated.

In this regard, the company provided financial support for the implementation of projects which: support the sustainable development of the community, education, sport, arts and culture, humanitarian actions, health and environment.

Our commitment to Social Responsibility

Let us not forget that social responsibility has no age or era but that it exists in everyone of us. We just need the courage to act in this way, to prove that by doing good we help not just ourselves but also our employees, our stakeholders and our partners. In short, we help the company, and this can only be good for its reputation.

Through all its corporate social responsibility objectives, Transgaz SA is ethically committed and contributes through transparent and responsible business practices to the sustainable development of the economy and social cohesion, at the same time improving both the life quality of its employees and their families and the communities and society in which it operates.

Sponsorships and donations

In order to ensure a responsible and efficient management of sponsorship and financial support activities, SNTGN Transgaz SA has implemented the "Company's policy for granting sponsorships and financial support in 2022", and this activity was carried out in accordance with the provisions and regulations approved by the executive management.

Transgaz has contributed to support **71 social cases**, amounting **3,012,550 lei**, with the following main directions:

- **Medical and health** - a number of **18 sponsorships** amounting **1,205,000 lei**;
- **Education, training, social and sport** - **34 sponsorships** amounting **1,204,950 lei**;
- **Other sponsorship expenditure** - **19 sponsorships** amounting **602,600 lei**.

	Budgeted amount 2022 (lei)	Rectified budget 04.10.2022 (lei)	Granted amount 2022 (lei)
Health and medical	1,205,615	1,205,615	1,205,000
Education, training, social, sport of which:	1,205,615	1,205,615	1,204,950
• for sport clubs	200,000	165,000	165,000
Other sponsorships expenses	602,808	602,808	602,600
Total sponsorship expenses	3,014,038	3,014,038	3,012,550



Sustainable development of the community

We support with financial aid construction and / or reconstruction works of public spaces, churches an, monasteries and we are concerned with the restoration of the national heritage.



Education

We believe in the potential of the young generation and provide financial support through partnership to actions related to natural gas field, organized by relevant educational institutions.

The company supports education and development by carrying out internships for high school students in specific fields. Therefore, a cooperation agreement was signed for a period of 5 years with the Medias National Gas School, by which high school students can carry out internships specialising in environmental quality protection.



Sport

Sport contributes to better health, but also to the overall well-being of each of us. As the saying goes "Healthy mind, healthy body!".

The company is committed to sponsoring this area, with the aim of strengthening the sports activities based on an agreement to support sport teams/events and organisations/ clubs/associations.



Arts and culture

We provide financial support through partnerships for various cultural events, theater performances and music festivals, creative competitions for pupils and students and we support the cultural-artistic foundations in their activity.



Humanitarian action

We provide material support to our employees in unfortunate life situations such as the loss of the loved ones or when they suffer material damage caused by disasters. At the same time, we are involved in helping people with disabilities, NGOs, associations and foundations that deal with these people, people without material possibilities and people in need of medical care.



Health

We take care of the health of others as we take care of our own health and support the health system, and we provide financial support to employees to solve serious health problems).

Evolution of sponsorships for 2020-2022

	2020 (lei)	2021 (lei)	2022 (lei)
Medical, health	2.000.000	2.040.000	1.205.000
Education, learning, social, sport out of which:	2.000.000	2.040.000	1.204.950
• Sports clubs	0	240.000	165.000
Expenditure relating to other actions and activities, including supplementing the amounts in the above areas	1.000.000	1.020.000	602.600
GRAND TOTAL of sponsorship costs	4.433.000	5.049.000	3.012.550

GRI Standard	Indicator	Chapter/Explanations	Pages
GRI 2: General Information 2021	2-1 Organisational details	About the Report	6
	2-2 Entities included in the organisation's sustainability reporting	About the Report	6
	2-3 Reporting period, frequency and point of contact	About the Report	6
	2-4 Information restatements	This report does not present restatements of information from previous reports.	N/A
	2-6 Activities, value chain and other business relationships	Our story; Organisational structure; Our business and products	14-19; 30-31; 68-69
	2-7 Employees	Employees	86-95
	2-8 Employees who are not directly contracted	Employees	86-95
	2-9 Governance structure and composition	Executive management	29-34
	2-10 Nomination and selection of the highest governing body	Executive management	32
	2-11 The president of the highest governing body	Executive management	32-33
	2-12 The role of the highest governing body in overseeing impact management	Risk management information	42-51
	2-13 Delegation of responsibility for impact management	Risk management information	42-51
	2-14 The role of the highest governing body in sustainability reporting	Governance and management	29-34
	2-15 Conflicts of interest	Ethics	40-41
	2-16 Communication of critical issues	Risk management information; Environmental risk management	42-51; 74-76;
	2-17 The collective knowledge of the highest governing body	Executive management	29-34
	2-18 Performance evaluation of the highest governing body	Executive management	29-34

	2-19 Remuneration policies	Remuneration policy	41
	2-20 The remuneration determination process	Remuneration policy	41
	2-22 Sustainability Strategy Statement	Mission, Vision, Values; General strategic objectives;	24; 25-26;
	2-23 Commitments to responsible politics	Commitment to Social Responsibility	100
	2-24 Incorporation of policy commitments	Environmental strategy; The decarbonization strategy; Human resources policy;	71-72; 81; 85
	2-25 Processes to remedy negative impacts	Energy management; Human resources policy; Environmental risk management	100
	2-26 Mechanisms for seeking advice and voicing concerns	Ethics; Anti-fraud and anti-corruption;	36-38
	2-27 Compliance with laws and regulations	Compliance Policy	37
	2-28 Associations	Affiliations and Partnerships	62-63
	2-29 Stakeholder engagement approach	Assessment of materiality; Information, consultation and relations with trade unions;	20-23; 88-89
	2-30 Collective contracts	Information, consultation and relations with trade unions;	88-89
GRI 3: Material subjects 2021	3-1 Process for determining material subjects	Assessment of materiality;	20-23
	3-2 List of material issues	Assessment of materiality;	20-23
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Economic performance	8-9
	201-2 Financial implications and other risks and opportunities due to climate change	Operational sustainability risks	49-50
	201-3 Obligations under defined benefit plans and other retirement plans	Benefits	96
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investment and supported services	Investments in NTS	12-13
	203-2 Significant indirect economic impacts	Energy management	79-80

GRI 204: Procurement Practices 2016	204-1 Proportion of spending for local suppliers	Relationship with suppliers	68
GRI 205: Anti-corruption 2016	205-1 Operations assessed for corruption risks	Ethics	36-38
	205-2 Communication and training on anti-corruption policies and procedures	Ethics	36-38
	205-3 Confirmed incidents of corruption and actions taken	Ethics	36-38
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust and monopolistic practices	Competition policy	40
GRI 207: Taxes 2019	207-1 Fiscal approach	EU taxonomy	54-60
	207-2 Fiscal governance, control and risk management	EU taxonomy	54-60
	207-3 Stakeholder engagement and management of tax concerns	EU taxonomy	54-60
	207-4 Country-by-country reporting	This reporting includes data and information for the assets and activities of Transgaz in Romania	N/A
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Hazardous and non-hazardous waste	82-83
	301-2 Recycled input materials used	Waste reduction	82
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Carbon footprint and climate change	78
	302-4 Reducing energy consumption	Energy management; The decarbonization strategy;	79-80; 81
GRI 303: Water and Effluent 2018	303-5 Water consumption	Carbon footprint and climate change	78
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity	77
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste reduction	82
	306-2 Managing significant waste impacts	Hazardous and non-hazardous waste	82
	306-3 Waste generated	Waste reduction; Hazardous and non-hazardous waste;	82-83
	306-4 Waste removed from disposal	Waste reduction	82
	306-5 Waste directed to disposal	Waste reduction	82

GRI 308: Supplier Environmental Assessment 2016	308-1 New providers that have been reviewed using environmental criteria	Relationship with suppliers	68-69
GRI 401: Employer 2016	401-1 Hiring new employees and employee turnover	Employees	86-88
	401-2 Benefits offered to full-time employees that are not offered to temporary or part-time employees	Benefits	96
GRI 403: Health and Safety at Work 2018	403-2 Hazard identification, risk assessment and incident investigation	Risk management information	42-51
	403-3 Occupational health services	Employee health and safety	97-98
	403-4 Employee participation, consultation and communication on occupational health and safety	Employee health and safety; Information, consultation and relations with trade unions;	97-98; 88-89
	403-6 Employee health promotion	Employee health and safety	97-98
	403-9 Work accidents	Employee health and safety	97-98
	403-10 Health impairment caused by work	Employee health and safety	97-98
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Staff training, education and professional development
404-2 Employee upskilling programs and transition assistance programs		Staff training, education and professional development	89-95
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of governing bodies and employees	Diversity and inclusion	97
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers where the right to freedom of association and collective bargaining may be at risk	Relations with suppliers; Information, consultation and relations with trade unions;	68-69; 88-89
GRI 413: Local communities 2016	413-1 Operations with local community involvement, impact assessments, and development programs	Corporate Social Responsibility	99-102
	413-2 Operations with actual and potential significant adverse effects on local communities	Corporate Social Responsibility	99-102
GRI 415: Public Policy 2016	415-1 Political contributions	Economic performance	8-9
GRI 418: Customer Privacy 2016	418-1 Valid complaints regarding breaches of customer confidentiality and loss of customer data	Data protection	52-53

ADDITIONAL RESOURCES

- [☑ **Declarația de politică privind Sistemul Integrat de Management Calitate, Mediu, Sănătate și Securitate în Muncă \(RO\)**](#)
- [☑ **Declarația privind Managementul Riscului 2021 - 2025 \(RO\)**](#)
- [☑ **Declarația privind asumarea unei agende de integritate organizațională a SNTGN Transgaz SA \(RO\)**](#)
- [☑ **Declarația nr.59338 / 27.07.2022 DG SNTGN Transgaz SA de conformare cu regulile de concurență \(RO\)**](#)
- [☑ **Metodologia de evaluare a incidentelor de integritate - Transgaz**](#)
- [☑ **Raport privind evaluarea incidentelor de integritate la nivelul SNTGN Transgaz SA pentru 2022 \(RO\)**](#)
- [☑ **Declarația de politică generală 2021-2025 \(RO\)**](#)

ABBREVIATIONS

ABA Argeş-Vedea - Argeş-Vedea Water Basin Administration	GDPR - General Data Protection Regulation
AJPIS - County Agency for Payments and Social Inspection	GIE - Gas Infrastructure Europe
AmCham - American Chamber of Commerce in Romania	GNM Dâmbovița - Environmental Guard Dâmbovița
ANRE - National Energy Regulatory Authority	GRI - Global Reporting Initiative
ANRM - National Agency for Mineral Resources	INSEMEX - Design and execution of installations in explosive environments
ARIR - Association for Investor Relations in Romania	ISC - State Construction Inspectorate
EIB - European Investment Bank	KPI - Key Performance Indicators
EBRD - European Bank for Reconstruction and Development	NECP - National Energy and Climate Plan
NACE - Classification of Economic Activities in the National Economy	UN - United Nations
CapEx - Capital Expenditure	OpEx - Operating Expenses
CCIAS - Chamber of Commerce, Industry and Agriculture of Sibiu	TSOs - Transmission System Operators
EC - European Commission	P.V. of research - Research report
CEGH - Central European Gas Hub AG	PPP - Purchasing Power Parity
CERTH - Centre for Research and Technology in Greece	RSVTI - Supervision and verification of technical installations
CNR- CME - Romanian National Committee of the World Energy Council	RTS - Welding technical supervisor
CRE - Romanian Energy Centre	SEAP - Electronic Public Procurement System
CSGM - Gaz Metan Mediaș Sports Club	SEEGAS - Memorandum of Understanding on Trans-Regional Cooperation SIPG - Oil and Gas Engineers Company
CSR - Corporate Social Responsibility	SMG/GMS - Gas Metering Station
DNSH - Do No Significant Harm	SMI CMSSM - Integrated Quality Management-Environment-Protection and Safety
DTO - Data transfer object	SMR - Supplier Relationship Management
EBIT - Earnings Before Interest and Taxes	SNA - National Anti-Corruption Strategy
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization	NTS - National Gas Transmission System
EE-NGP - Eastern Europe Natural Gas Partnership	SOD - Gas Odourisation Station
EHB - European Hydrogen Backbone Work Programme	SP - Cathodic Protection Station
EIAH - European Investment Advisory Hub	SR EN ISO 50001 - Standard for innovation management
ENTSO-G - European Network of Transmission System Operators for Gas	SRAC - Romanian Company for Quality Assurance
ET - Regional offices	SSM - Occupational Safety and Health
FAQ - Frequently Asked Questions	SU - Emergency Situations
FPPG - Federation of Oil and Gas Employers	TANAP - Trans-Anatolian Natural Gas Pipeline
	TAP - Trans Adriatic Pipeline
	TSO - Transmission System Operator
	USAID - United States Agency for International Development
	USEA - US Energy Association

