

No. DG76115/07.10.2021

Submitted for approval to the OGMS dated 6/7.12.2021

**Report**  
**On the approval by the General Shareholders Meeting**  
**Of the financial and non-financial performance indicators**  
**for the period 2021-2025**

**SUMMARY**

Performance measurement - an essential component of the performance management of the public enterprise, is a process of continuous improvement of the activities carried out and the use of the resources employed in order to effectively achieve the strategic objectives undertaken by the administrators and management through the Company's Management Plan, which includes the administration component, the management component and the financial and non-financial performance indicators for the calculation of the variable component of the remuneration.

The strategic objectives and directions of action for the management of the company in the period 2021-2025 are correlated with the Letter of Expectations of the majority shareholder, the Romanian State, through the General Secretariat of the Government, and with those of the other shareholders and pursue the desiderata regarding the continuity of the activity, the continuity of the strategic investment projects and the growth of the company's performance, the streamlining of the company's activity, its strategic redefinition in accordance with the requirements of global performance standards (economic-financial, social and environmental) and competitiveness and transform TRANSGAZ into an internationally recognized company, a leader on the energy market in the region, making the most efficient use of all existing and future opportunities, in order for Romania to become an important natural gas energy corridor towards Europe.

The financial and non-financial performance indicators for the calculation of the variable component of remuneration shall be defined and reviewed in accordance with the provisions/criteria set out in Chapter II, Section I – *Methodology for setting the financial and non-financial key performance indicators and the variable component of the remuneration* - of GD no. 722/28.09.2016 for the approval of the Methodological Norms for the application of some provisions of GEO no.109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented.

## **PROPOSAL**

**In accordance with the provisions of Chapter IV, Article 15, paragraph 3 (a1) of the Articles of Incorporation of SNTGN Transgaz SA, updated on 24.08.2020, with the provisions of GEO no. 109/2011 on corporate governance of public enterprises, as subsequently amended and supplemented - Article 30, paragraph (3) and paragraph (4), we submit for approval to the General Meeting of Shareholders, the financial and non-financial performance indicators for the period 2021-2025.**

### **Detailed content**

Performance measurement - an essential component of the performance management of the public enterprise, is a process of continuous improvement of the activities carried out and the use of the resources employed in order to effectively achieve the strategic objectives undertaken by the administrators and management through the Company's Management Plan, which includes the administration component, the management component and the financial and non-financial performance indicators for the calculation of the variable component of the remuneration.

Considering the fact that the majority of the members of the Board of Administration of SNTGN Transgaz SA, by OGMS Resolution no. 2/22.04.2021, art.2, had their mandate as administrator renewed for another 4-year term, the construction and preparation of the company's Management Plan for the period 2021-2025 focused on the continuity of the company's operational and investment activity, which includes major strategic investment projects for Romania and Europe.

The company's management plan is governed by a responsible, professional and ethical attitude towards all stakeholders (shareholders, employees, partners, community, state authorities and institutions, media, etc.) and includes the measures by which Transgaz's management will act to achieve the objectives and financial and non-financial performance indicators, in line with the management's strategic vision for the continuation of the activity and the directions for strategic redefinition and streamlining of the company's activity.

The strategic objectives and directions of action for the management of the company in the period 2021-2025 are aligned with the Letter of Expectations of the majority shareholder, the Romanian State, through the General Secretariat of the Government, and with those of the other shareholders, and pursue the goals of continuity of the activity, continuity in the achievement and implementation of strategic investment projects and in the increase of the company's performance, streamlining of the company's activity, its strategic redefinition in accordance with the requirements of global performance standards (economic-financial, social and environmental) and competitiveness and transform TRANSGAZ into an internationally recognized company, a leader on the energy market in the region, making the most efficient

use of all existing and future opportunities, in order for Romania to become an important natural gas energy corridor towards Europe.

In continuation of the strategic objectives pursued in the previous mandates, the company's administrators also have new objectives for the period 2021-2025, objectives aimed at the strategic development of the company in accordance with the provisions of the European Energy Union Strategy, Romania's Energy Strategy 2021-2030 with a view to 2050, of the Government Programme 2021-2024, those of the National Recovery and Resilience Plan, the National Reform Programme, the National Integrated Energy and Climate Change Plan 2021-2030, objectives that contribute to sustainable development and increased company performance, and for which, the action directions together with the system of indicators measuring the financial (financial results) and non-financial (social, environmental, governance) performance of the company are aligned, reviewed/updated in line with the shareholders' expectations included in the Letter of Expectations.

In accordance with the provisions of Article 36 paragraph (3) of GEO no.109/2011 on corporate governance of public enterprises, as subsequently amended, the Company's Management Plan for the period 2021-2025 was approved by the resolution of BA no. 29/ 06.10.2021 and includes the revised/updated financial scenario based on the change in some indicators used to substantiate the REB 2021-2023 and estimates for the years 2024-2025, a change determined by:

- approval of the regulated transmission tariffs by ANRE by Order No 32 of 26 May 2021 on the approval of the regulated revenue, the total revenue and the transmission tariffs for the gas transmission activity through the National Transmission System for the period 1 October 2021 - 30 September 2022;
- the increase in technological consumption costs and in natural gas purchase costs for balancing the NTS in view of the increase in gas prices;
- changes in the main macroeconomic indicators (estimated inflation indices and/or exchange rate developments) following the publication by the National Commission for Strategy and Forecasting of the "Medium-Term Forecast 2021 - 2025 - summer 2021 version".

The financial and non-financial performance indicators for the calculation of the variable component of remuneration are defined and reviewed/updated in accordance with the criteria set out in Chapter II, Section I – *Methodology for setting the financial and non-financial key performance indicators and the variable component of the remuneration* - of GD no. 722/28.09.2016 for the approval of the Methodological Norms for the application of some provisions of GEO no.109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented.

The indicators included in the company's Management Plan that measure the company's financial and non-financial performance over the period 2021-2025 are:

<b>A. ECONOMIC and FINANCIAL PERFORMANCE INDICATORS</b> - Standard performance indicators			
Commissioned investments			
EBITDA			
Labour productivity			
Outstanding payments			
Outstanding receivables			
Technological consumption			
OPEX at lei 1000 operating revenue			
Profitability indicators			
Liquidity indicators			
Risk indicators			
Management indicators			
<b>B. KEY PERFORMANCE INDICATORS</b> - Key performance indicators for the calculation of the variable component of the remuneration <b>(14 indicators: 5 financial indicators and 9 non-financial indicators)</b>			
FINANCIAL	NON-FINANCIAL		
	Operational	Oriented towards public services	Corporate governance
1. Outstanding payments	1. Monitoring the Implementation and Investment Strategy	5. Performance indicators related to the gas transmission service	6. Optimisation of the internal/managerial control system
2. Operating expenses (except for depreciation, balancing, construction activity and provisions for the asset depreciation and for risks and charges)	2. Increasing energy efficiency		7. Optimising the risk management process
3. Current liquidity	3.Customer satisfaction		8. Timely reporting of the key performance indicators
4. Net debt-to-equity ratio	4. Strengthening and diversifying cooperation and collaboration relations with gas transmission system operators in the European Union		9. Implementation of the SNA provisions
5.EBITDA			

Note: The current liquidity ratio replaced the immediate liquidity ratio in order to accurately reflect the company's financial situation given that balancing gas stocks are built up as a result of the obligation required by ANRE.

## I. Key performance indicators for the calculation of the variable component of the remuneration

No.	Indicator group according to GD no. 722/ 2016 Annex no.2b	PERFORMANCE INDICATOR NAME	PERFORMANCE OBJECTIVE
<b>A FINANCIAL KEY PERFORMANCE INDICATORS</b>			
1	Cash flow	Outstanding payments	Maintaining outstanding payments to zero .
2	Costs	Operating expenses (except for depreciation, balancing, construction activity and provisions for the asset depreciation and for risks and charges)	Maintaining the level of the operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and charges) at the level undertaken in the Management Plan .
3	Debt	Current liquidity ratio	Current liquidity ratio to register annual values over 1.
4		Net debt-to-equity ratio	Maintaining a net debt-to-equity ratio under the limits set for obtaining bank financing, namely; 5-2021; 5,5 – 2022; 5 – 2023 and 2024; 4,5 - 2025
5	Revenue	EBITDA	Achieving the EBITDA target undertaken in the Management Plan
<b>B NON-FINANCIAL KEY PERFORMANCE INDICATORS</b>			
1	Operational	Monitoring the Implementation and Investment Strategy	Implementation of FID (Final Investment Decision) projects in the 10-year Development Plan. Implementation of the pilot project for hydrogen injection in the NTS
2		Increasing energy efficiency	Maintaining the share of technological consumption in total transmitted natural gas below 1%.
3		Customer satisfaction	Achievement of targets set out in the Management Plan . ( According to PP 165 Customer Satisfaction Rating, a score between 6-8 means that the services provided have adequately met customer requirements )
4		Strengthening and diversifying cooperation and collaboration relations with gas transmission system operators in the European Union	Conclusion of memorandums of cooperation and collaboration with gas transmission system operators in the European Union (minimum 5 operators) on collaboration on hydrogen injection
5	Oriented towards public services	Performance indicators related to the gas transmission service	Achievement of the targets set out in the Performance Standard for gas transmission and system service (ANRE Order 161/26.11.2015, in force since 1 October 2016) for the relevant indicators of the gas transmission service.
6	Corporate governance	Optimisation of the internal/managerial control system	Implementation of the provisions of SGG Order no. 600/2018 for the approval of the Code of internal/managerial control of public entities as subsequently amended .
7		Optimising the risk management process	Implementation of the measures undertaken in the Management Plan
8		Timely reporting of the key performance indicators	Compliance with legal reporting deadlines
9		Implementation of the SNA provisions 2021-2025	Implementation of measures provided for in the SNA

**Table 1 – Performance criteria and objectives for calculating the annual variable component of the remuneration**

## II. Target values for the key performance indicators set out in the Management Plan of SNTGN Transgaz SA

### II.1 Key performance indicators - financial

No	Indicator	Objective	2021	2022	2023	2024	2025	Verification instrument
1	<b>Outstanding payments</b>	<i>Maintaining outstanding payments to zero.</i>	0	0	0	0	0	ANAF Accounting Reporting Form F30-Informative Data Financial reports
2	<b>Operating expenses</b> (except for depreciation, balancing, construction activity and provisions for the asset depreciation and for risks and charges) (thousand lei)	<i>Maintaining the level of the operating expenses at the level undertaken in the Management Plan</i>	1.136.843	1.065.014	1.115.400	1.127.150	1.170.746	Audited annual financial statements
3	<b>Current liquidity ratio</b>	<i>Current liquidity ratio to register annual values over 1.</i>	1	1	1	1	1	Audited annual financial statements
4	<b>Net debt-to-equity ratio</b>	<i>Maintaining a net debt-to-equity ratio under the limits set for obtaining bank financing, namely: 5-2021, 5,5-2022, 5 – 2023-2024, 4,5 2025</i>	5	5,5	5	5	4,5	Audited annual financial statements
5	<b>EBITDA</b> (thousand lei)	Achieving the EBITDA target undertaken in the Management Plan	399.780	451.334	831.953	901.714	1.047.523	Audited annual financial statements

## II.2 Key performance indicators – non-financial

No.	Indicator	Objective	2021	2022	2023	2024	2025	Verification instrument
Operation								
6	Monitoring the Implementation and Investment Strategy	<div>- Achievement of the FID projects from the 10 years Development Plan</div> <div>- Implementation of the pilot project for hydrogen injection in the NTS</div>	<div>- The measures proposed in the 10-year NTS development plan approved by ANRE</div> <div>-The measures proposed in the Management Plan</div>					<div>- The report submitted to ANRE annually on 15 March</div> <div>10-year development plan approved by ANRE</div> <div>- Report issued by the Board of administration (Annex 3 - Objectives )</div>
7	Increasing energy efficiency	Maintaining the share of the NTS gas consumption in the total circulated gas below 1%	1	1	1	1	1	Report issued by the Board of administration
8	Customer satisfaction	Achievement of the targets provided for in the administration plan (According to PP 165 Evaluation of Clients satisfaction, a score between 6-8 represents the fact that the services offered satisfied accordingly the requirements of the customers)	8	8	8	8	8	Annual customer satisfaction evaluation report
9	Strengthening and diversifying cooperation and collaboration relations with gas transmission system operators in the European Union	Conclusion of memorandums of cooperation and collaboration with gas transmission system operators in the European Union (minimum 5 operators) on collaboration on hydrogen injection	1	1	1	1	1	Report issued by the Board of administration
Oriented towards public services								
10	Performance indicators related to the gas transmission service	Achievement of the targets set out in the Performance Standard of the gas transmission service and system (ANRE order 161/26.11.2015, in force since 1 October 2016) for the relevant indicators of the gas transmission service	See Annex 1 $IP_0^1 \geq 90\%, IP_1^1 \geq 95\%, IP_1^2 \geq 95\%, IP_1^3 \geq 95\%, IP_1^4 \geq 95\%, IP_1^5 \geq 95\%, IP_2^1 \geq 95\%, IP_3^1 \geq 95\%, P_3^2 \geq 95\%, IP_4^1 \geq 95\%, IP_5^1 \geq 98\%, IP_5^2 \geq 98\%, IP_6^1 \geq 98\%, IP_6^2 \geq 98\%$ ,					Report according to ANRE Order 161/26.11.2015 (the relevant indicators of the gas transmission service may be modified once the ANRE Order is amended)
Corporate governance								

11	<b>Optimisation of the internal control system/ management control</b>	Implementing the provisions of the SGG Order no. 600/2018 for the approval of the Internal/management control Code of public enterprises as subsequently amended. I = implemented standards/standards provided by Order 600/2018*100 Implementation of measures foreseen in the SCIM Implementation Programme I = measures implemented/proposed measures *100	100%	100%	100%	100%	100%	SCIM Development Programme  SCIM Annual Self-Assessment Report (prepared according to the Order )
12	<b>Optimisation of the risk management process</b>	Implementation of the requirements of Standard 8 of SGG Order No 600/2018 for the approval of the Code of Internal/Managerial Control of Public Entities as subsequently amended. Transition to the 5-step risk assessment scale.	100%	100%	100%	100%	100%	Annual report on risk management (prepared in accordance with the Order )
13	<b>Timely reporting of the key performance indicators</b>	Compliance with the legal deadlines for reporting I = actual reporting deadlines/reporting deadlines provided *100	100%	100%	100%	100%	100%	Annual report on compliance with the Reporting Calendar
14	<b>Implementation SNA 2021-2025</b>	Implementation of measures foreseen in the SNA I = measures completed on time/measures proposed*100	100%	100%	100%	100%	100%	Approved Integrity Plan Annual Performance Report

### III. The annual variable component of the remuneration established according to Annex No 2, Chapter II, Section 3 of GD 722/2016

Indicators	Non-executive	Executive
<b>Financial</b>	<b>20%</b>	<b>50%</b>
<b>Non-financial of which:</b>	<b>80%</b>	<b>50%</b>
Operational	20%	25%
Oriented towards public services	10%	15%
Corporate governance	50%	10%



	100%	100%	
Key performance indicators for the calculation of the variable component of the remuneration	Non-executive BA members	EXECUTIVE BA member	Chief Financial Officer
		Director General	
D1 – Financial KPI	20%	50%	50%
D1.1 Outstanding payments	0%	10%	10%
D1.2 Operating expenses	6%	10%	10%
D.1.3 Current liquidity ratio	7%	10%	10%
D.1.4 Net debt-to-equity ratio	7%	10%	10%
D.1.5 EBITDA	0%	10%	10%
D2 – Non-Financial KPI	80%	50%	50%
D.2.1 Operational	20%	25%	25%
D.2.1.1 Investment	10%	10%	10%
D.2.1.2 Increasing energy efficiency	2%	5%	5%
D.2.1.3 Customer satisfaction	5%	5%	5%
D.2.1.4 International Cooperation	3%	5%	5%
D.2.2 Oriented towards public services	10%	15%	15%
D.2.2.1 Gas transmission Standard	10%	15%	15%
D2.3 Corporate governance	50%	10%	10%
D.2.3.1 SCIM	20%	2%	2%
D.2.3.2 Risk Management	10%	1%	1%
D.2.3.3 Timely reporting of indicators	10%	5%	5%
D.2.3.4 SNA implementation	10%	2%	2%
TOTAL	100%	100%	100%

**Table 2 – The share of key performance indicators for the calculation of variable remuneration**

#### IV. The modality of calculation of the variable component of the remuneration

**The Annual variable remuneration due = variable remuneration set by Addendum to the Contract of Mandate \* degree of total fulfilment of key performance indicators (ICP).**

The degree of total fulfilment of key performance indicators ( $GT_{KPI}$ ) is the weighted average with the weighted coefficient of each KPI of the degree of fulfilment of each KPI ( $GI_{KPI}$ ).

$$GT_{KPI} = \sum(GI_{KPI} * \text{weighted coefficient})$$

The degree of fulfilment of each KPI ( $GI_{ICP}$ ) may be higher than 100% and lower than 0%, but at the calculation of the degree of total fulfilment of KPI ( $GTKPI$ ) it will be considered as follows:

- $GI_{KPI} > 100\%$  means  $GI_{KPI} = 100\%$ ;
- $GI_{KPI} < 0\%$  means  $GI_{KPI} = 0\%$ .

The variable component of the remuneration due to the Board of Administration members shall be in direct proportion with the  $GT_{KPI}$  for the relevant financial year.

Also in the event that:

- $GT_{KPI} \geq 80\%$ , the variable component of the remuneration shall be paid according to the calculation method presented;
- $GT_{KPI} \geq 50\%$  and  $GT_{KPI} < 80\%$ , the variable component of remuneration is not paid;
- $GT_{KPI} < 50\%$ , administrators can be removed.

The KPI is assessed annually on the basis of the audited annual financial statements and other verification instruments.

## V. Description of key performance indicators for the calculation of the variable component of the remuneration

### V.1 Financial key performance indicators

#### V.1.1 Outstanding payments

Indicator name	Outstanding payments
Target value	Maintaining outstanding payments to zero
Description	In the context of the implementation of one of the largest and most important natural gas transmission infrastructure development programmes, the aim is to secure the financial resources needed to meet the payment deadlines laid down in the contracts
Verification method	ANAF accounting report - form F 30 - Information data
Indicator formula	Value of outstanding payments from Form F 30.
Calculation method	The degree of achievement of the key performance indicator can be 0% or 100% as follows: <ul style="list-style-type: none"> <li>- 100% - if there are no outstanding payments at the end of the financial year of more than 30 days according to the report submitted to ANAF (Form 30);</li> <li>- 0% - if there is any outstanding payment over 30 days at the end of the financial year.</li> </ul>

#### V.1.2 Operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and charges)

Indicator name	Operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and charges)
Target value	<b>Maintaining operating expenses (less depreciation, balancing, construction activity and provisions for impairment of assets and for risks and charges) at the level undertaken in the Management Plan.</b>
Description	Reducing operating costs has an impact on reducing gas transmission tariffs.

<b>Verification method</b>	Annual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year under review, audited in accordance with the law - Statement of comprehensive income and notes to the financial statements
<b>Indicator formula</b>	Employee expenses +Technological consumption, materials and consumables used +Royalty expenses +Maintenance and transport +Taxes and other amounts due to the State +Other operating expenses -Loss/(gain) on impairment of receivables -Loss/(gain) on write-down of inventories
<b>Calculation method</b>	The degree of fulfilment of this indicator is between 0%-100%. $I_T$ – target value of the KPI $I_R$ – achieved value of the KPI $GI_{KPI} = I_T/I_R * 100$  If $GI_{KPI} < 100\%$ KPI can only be deemed to be met to the extent of x% if at the end of the financial year the company records a net profit.  If $GI_{KPI} < 100\%$ at the end of the financial year the company has no net profit then $GI_{KPI} = 0\%$

### V.1.3 Current liquidity ratio

<b>Indicator</b>	Current liquidity
<b>Target value</b>	<i>Current liquidity ratio with annual values over 1.</i>
<b>Description</b>	Measures the company's ability, <i>at a certain time</i> , to cover its short-term obligations by turning all of the company's current assets into cash
<b>Modality of verification</b>	Yearly financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, for the relevant year, audited according to the law – Statement of financial position.
<b>Indicator formula</b>	Current assets/current debts
<b>Modality of calculation</b>	$GI_{ICP}$ is directly proportional to the ratio between the realized value of this indicator and the target value. $GI_{ICP} = I_R/I_T * 100$ If $I_R < 0,9$ then $GI_{ICP} = 0\%$

### V.1.4 Net debt-to-equity ratio

<b>Indicator</b>	Net debt-to-equity ratio
<b>Target value</b>	<i>Maintaining a net debt-to-equity ratio under the limits set for obtaining bank financing, namely: 5-2021, 5,5-2022, 5 – 2023-2024, 4,5 -2025</i>
<b>Description</b>	In the context of implementing one of the largest and most important gas transmission infrastructure development plans, the company's leverage must be maintained within such limits as not to affect the financial balance of the company.
<b>Modality of verification</b>	Yearly financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, for the relevant year, audited according to the law – Statement of financial position.
<b>Indicator formula</b>	(short-term loans + long-term loans - cash and cash equivalents)/EBITDA
<b>Modality of calculation</b>	$GI_{ICP} = I_T/I_R * 100$

	<p>If <math>I_R &gt; I_T</math> then <math>GI_{ICP} = 0\%</math>  If <math>I_R &lt; I_T</math> then <math>GI_{ICP} = 100\%</math></p>
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### V.1.5 EBITDA

<b>Indicator</b>	EBITDA
<b>Target value</b>	Achieving the EBITDA target assumed in the Management Plan.
<b>Description</b>	Ensuring the internal source of financing to support strategic investment projects
<b>Modality of verification</b>	Yearly financial statements in accordance with the International Financial Reporting Standards adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income and Notes to the financial statements
<b>Indicator formula</b>	Operating revenue before the construction and balancing activity , according to IFRIC12 - (operating costs before the construction and balancing activity , according to IFRIC12 – amortization).
<b>Modality of calculation</b>	$GI_{ICP} = I_R/I_T \times 100$

## V. 2 Key non-financial performance indicators

### V.2.1 Operational

#### V.2.1.1 Monitoring the Implementation and Investment Strategy

<b>Indicator</b>	Monitoring the Implementation and Investment Strategy
<b>Target value</b>	Achievement of FID projects in the TYNDP Achievement of the pilot project for the metering and use of the gas and hydrogen blend.
<b>Description</b>	Monitoring major projects Monitoring the pilot project
<b>Modality of verification</b>	Report to the Development Plan sent by ANRE Report issued by the Board of Administration
<b>Indicator formula</b>	Achieved projects/proposed projects Achieved stages/proposed stage
<b>Modality of calculation</b>	$GI_{ICP} = \text{achieved projects/proposed projects} \times 100$ $GI_{ICP} = \text{achieved stages/proposed stages} \times 100$

#### V.2.1.2 Increasing energy efficiency

<b>Indicator</b>	Technological consumption
<b>Target value</b>	Maintaining the quantitative share of technological consumption in total gas circulated below 1%
<b>Description</b>	Monitoring the technological consumption and maintaining it at the level planned in the Management Plan
<b>Modality of verification</b>	Gas balance/Annual report on the achievement of technological consumption
<b>Indicator formula</b>	Quantity of gas representing technological consumption/total quantity of circulated gas * 100

<b>Modality of calculation</b>	<p><math>GI_{ICP}</math> is directly proportional to the ratio between the ICP target value and the ICP realized value.</p> <p><math>GI_{ICP} = I_T/I_R \times 100</math></p> <p>If <math>I_R \geq 1,2</math> then <math>GI_{ICP} = 0\%</math></p>
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### V.2.1.3 Customer satisfaction

<b>Indicator</b>	Customer satisfaction
<b>Target value</b>	Achievement of targets established by the management plan
<b>Description</b>	According to PP 165 Evaluation of customer satisfaction, a score between 6-8 represents the fact that the services offered satisfied accordingly the requirements of the clients
<b>Modality of verification</b>	Annual report for the evaluation of customer satisfaction
<b>Indicator formula</b>	According to PP-165
<b>Modality of calculation</b>	<p><math>GI_{ICP} = I_R/I_T \times 100</math></p> <p>If <math>GI_{ICP} &lt; 6</math> then <math>GI_{ICP} = 0\%</math>.</p>

### V.2.1.4 Consolidation and diversification of cooperation and collaboration relations with EU gas transmission system operators

<b>Indicator</b>	Consolidation and diversification of cooperation and collaboration relations with EU gas transmission system operators
<b>Target value</b>	Conclusion of memoranda of cooperation and collaboration with EU gas transmission system operators (minimum 5 operators) on cooperation regarding hydrogen injection
<b>Description</b>	Monitoring the number of operators with which memoranda are concluded
<b>Modality of verification</b>	Report issued by the Board of Administration
<b>Indicator formula</b>	Degree of achievement
<b>Modality of calculation</b>	<p><math>GI_{ICP} = (\text{number of memoranda concluded or in progress during the period}) / \text{proposed memoranda} \times 100</math>. Degree of achievement of indicator is 100% or 0%.</p>

## V.2.2 Customer oriented

### V.2.2.1 Performance indicators related to the gas transmission service

<b>Indicator</b>	Performance indicators related to the gas transmission service
<b>Target value</b>	<i>Achievement of the targets provided for in the Performance Standard for the gas transmission service (ANRE Order 161/26.11.2015 entered into force as at 1 October 2016) – for the relevant indicators of the gas transmission service.</i>
<b>Description</b>	<b>See Annex 1</b>
<b>Modality of verification</b>	Annual report prepared by Transgaz according to ANRE Order 161/26.11.2015
<b>Indicator formula</b>	<b>See Annex 1</b>
<b>Modality of calculation</b>	$GI_{ICP}$ can be only 100% or 0%

	If the value of the targets of any indicator set out in Annex 1 does not fall within the minimum and maximum norms established in the Performance Standard for the gas transmission system service, then $GI_{ICP} = 0\%$ .
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## V.2.3 Corporate governance

### V.2.3.1 Optimization of the internal/management control system

<b>Indicator</b>	Optimization of the internal/management control system
<b>Target value</b>	Implementing the provisions of the GSG Order no. 600/2018 for the approval of the Internal/management control Code of public enterprises as subsequently amended
<b>Description</b>	Achievement of measures established by the SCIM Development Plan
<b>Modality of verification</b>	Annual report
<b>Indicator formula</b>	Degree of implementation
<b>Modality of calculation</b>	$GI_{ICP} = \text{measures taken on time/proposed measures} * 100$ . The degree of achievement of the indicator is 100% or 0%

### V.2.3.2 Optimization of the risk management process

<b>Indicator</b>	Development of risk management system and risk monitoring
<b>Target value</b>	Achievement of the targets established in the management plan
<b>Description</b>	Implementation of the requirements of Standard 8 of GSG Order no. 400/2015 for the approval of the internal/management Control Code of public entities with subsequent amendments
<b>Modality of verification</b>	Annual report on risk management (prepared according to the Order)
<b>Indicator formula</b>	$I = \text{measures taken on time/proposed measures} * 100$
<b>Modality of calculation</b>	$GI_{ICP}$ is calculated by the formula: $I = \text{measures taken on time/proposed measures} * 100$ . $GI_{ICP}$ can be only 100% or 0%.

### V.2.3.3 Establishing and timely reporting of the key performance indicators

<b>Indicator</b>	Establishing and timely reporting of the key performance indicators
<b>Target value</b>	Compliance with the legal deadlines for reporting
<b>Description</b>	Monitoring the reporting calendar for compliance with the deadline
<b>Modality of verification</b>	Letters for submission of reports compared to the established calendar
<b>Indicator formula</b>	$I = \text{reports on time/total number of reports} * 100$ .
<b>Modality of calculation</b>	$GI_{ICP}$ is calculated by the formula: $I = \text{reports on time/total number of reports} * 100$ . $GI_{ICP}$ can be only 100% or 0%.

### V.2.3.4 Implementation of the National Anti-Corruption Strategy 2021-2025

<b>Indicator</b>	Implementation of the National Anti-Corruption Strategy
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<b>Target value</b>	Implementation of the measures established in the National Anti-Corruption Strategy
<b>Description</b>	Implementation of the measures in the National Anti-Corruption Strategy
<b>Modality of verification</b>	Approved Integrity Plan
<b>Indicator formula</b>	$I = \text{measures taken on time/proposed measures} \times 100$
<b>Modality of calculation</b>	GI <sub>ICP</sub> is calculated by the formula: $I = \text{measures taken on time/proposed measures} \times 100$ . GI <sub>ICP</sub> can be only 100% or 0%.

## Annex 1

### Performance indicators related to the gas transmission service – according to ANRE Order 161/26.11.2015 into force as at 1 October 2016 – indicators relevant for the gas transmission service

Indicator calculation formula	Definition of terms in the formula	Target
<b>IPO Recording of requests/complaints regarding the gas transmission system service</b>		
$IP_0^1 = \frac{N_{T0} + N_{T2}}{N_{inreg} - N_{clasate}} \times 100 \%$	a) $N_{T0}$ – no. of recordings the registration no. of which was sent acc. to Art. 7 (3) (a); b) $N_{T2}$ – no. of recordings the registration no. of which was sent within a period of time shorter than the one established at Art. 7 (3) (b); c) $N_{inreg}$ – total no. of requests/complaints registered acc. to Art. 7 (1); d) $N_{clasate}$ – total no. of requests/complaints classified acc. to Art. 7 (6).	$IP_0^1 \geq 90\%$
<b>IP1 Compliance with the gas delivery-acceptance conditions</b>		
$IP_1^1 = \frac{N_{Rparametrii10}}{N_{TRparametrii} - N_{RCLparametrii}} \times 100\%$	a) $N_{Rparametrii10}$ – no. of requests/complaints regarding non-compliance with the technological parameters agreed, requests/complaints answered/solved within less than 10 days from registration; b) $N_{TRparametrii}$ – total no. of received requests/complaints regarding non-compliance with the technological parameters agreed; c) $N_{RCLparametrii}$ – total no. of classified requests/complaints regarding non-compliance with the technological parameters agreed.	$IP_1^1 \geq 95\%$
$IP_1^2 = \frac{N_{verificareP24}}{N_{TverificareP}} \times 100\%$	a) $N_{verificareP24}$ – no. of agreed technological parameter value verifications made by the TSO within less than 24 hours from registration of requests/complaints; b) $N_{TverificareP}$ – total no. of requests/complaints regarding non-compliance with the technological parameters.	$IP_1^2 \geq 95\%$

$IP_1^3 = \frac{N_{Rcalitate15}}{N_{TRcalitate} - N_{RCLcalitate}} \times 100\%$	<p>a) <math>N_{Rcalitate15}</math> - no. of requests/complaints regarding gas quality, requests/complaints answered/solved within less than 15 days from registration;</p> <p>b) <math>N_{TRcalitate}</math> - total no. of received requests/complaints regarding gas quality;</p> <p>c) <math>N_{RCLcalitate}</math> - total no. of classified requests/complaints regarding gas quality.</p>	$IP_1^3 \geq 95\%$
$IP_1^4 = \frac{N_{Rm\acute{a}surare15}}{N_{TRm\acute{a}surare} - N_{RCLm\acute{a}surare}} \times 100\%$	<p>a) <math>N_{Rm\acute{a}surare15}</math> - no. of requests/complaints regarding gas metering answered/solved within less than 15 days from registration;</p> <p>b) <math>N_{TRm\acute{a}surare}</math> - total no. of received requests/complaints regarding gas metering;</p> <p>c) <math>N_{RCLm\acute{a}surare}</math> - total no. of classified requests/complaints regarding gas metering.</p>	$IP_1^4 \geq 95\%$
$IP_1^5 = \frac{N_{Vm\acute{a}surare2}}{N_{TRm\acute{a}surare} - N_{RCLm\acute{a}surare}} \times 100\%$	<p>a) <math>N_{Vm\acute{a}surare2}</math> - no. of verified gas metering systems/devices at the place of operation, within less than 2 working days from request/complaint registration;</p> <p>b) <math>N_{TRm\acute{a}surare}</math> - total no. of received requests/complaints regarding gas metering;</p> <p>c) <math>N_{RCLm\acute{a}surare}</math> - total no. of classified requests/complaints regarding gas metering.</p>	$IP_1^5 \geq 95\%$
<b>IP2 Transmission system access</b>		
$IP_2^1 = \frac{N_{acces}}{N_{TCacces}} \times 100\%$	<p>a) <math>N_{acces}</math> - no. of transmission system access approvals or denials issued within a shorter period of time than foreseen by the applicable gas law;</p> <p>b) <math>N_{TCacces}</math> - total no. of received requests for transmission system access.</p>	$IP_2^1 \geq 95\%$
<b>IP3 Connection to the transmission system</b>		
$IP_3^1 = \frac{N_{racordare}}{N_{TCracordare}} \times 100\%$	<p>a) <math>N_{racordare}</math> - no. of technical transmission system connection approvals and refusals, issued within a shorter period of time than foreseen by the applicable gas law;</p> <p>b) <math>N_{TCracordare}</math> - total no. of received transmission system connection.</p>	$IP_3^1 \geq 95\%$
$IP_3^2 = \frac{N_{Rracordare15}}{N_{TRracordare} - N_{RCLracordare}} \times 100\%$	<p>a) <math>N_{Rracordare15}</math> - no. of requests/complaints regarding transmission system connection, requests/complaints answered/solved by the TSO within less than 15 days from registration;</p> <p>b) <math>N_{TRracordare}</math> - total no. of received requests/complaints regarding transmission system connection;</p> <p>c) <math>N_{RCLracordare}</math> - total no. of classified requests/complaints regarding transmission system connection.</p>	$IP_3^2 \geq 95\%$



IP4 Habilitation of land/assets affected by execution of works regarding the transmission system		
$IP_4^1 = \frac{N_{Rrefacere15}}{N_{TRrefacere} - N_{RCLrefacere}} \times 100\%$	a) $N_{Rrefacere15}$ - no. of requests/complaints answered/solved within less than 15 days from registration; b) $N_{TRrefacere}$ - total no. of received requests/complaints regarding the habilitation of lands and/or assets affected by the execution of works regarding transmission system facilities; c) $N_{RCLrefacere}$ - total no. of classified requests/complaints regarding the habilitation of lands and/or assets affected by the execution of works regarding transmission system facilities.	$IP_4^1 \geq 95\%$
IP5 Notification of unforeseen limitations and/or interruptions and resuming of gas transmission service		
$IP_5^1 = \frac{N_{U6}}{N_{Uafectati}} \times 100\%$	a) $N_{U6}$ - no. of transmission system users affected by the unplanned interruption, notified as soon as possible, but not later than 6 hours from occurrence of interruption; b) $N_{Uafectati}$ - total no. of transmission system users affected by the unplanned interruption.	$IP_5^1 \geq 98\%$
$IP_5^2 = \frac{N_{U24}}{N_{Uafectati}} \times 100\%$	a) $N_{U24}$ - no. of transmission system users affected for a period longer than 24 hours, notified accordingly; b) $N_{Uafectati}$ - total no. of transmission system users affected by the unplanned interruption.	$IP_5^2 \geq 98\%$
IP6 Notification of planned limitations and/or interruptions and resuming of gas transmission service		
$IP_6^1 = \frac{N_{U5}}{N_{Uafectati}} \times 100\%$	a) $N_{U5}$ - no. of transmission system users affected by the unplanned interruption, notified within more than 5 working days before the limitation/interruption; b) $N_{Uafectati}$ - total no. of transmission system users affected.	$IP_6^1 \geq 98\%$
$IP_6^2 = \frac{N_{Ureluare}}{N_{Uafectati}} \times 100\%$	a) $N_{Ureluare}$ - no. of transmission system users affected for which the provision of the gas transmission system was resumed at the time mentioned in the notification; b) $N_{Uafectati}$ - total no. of transmission system users affected by the unplanned interruption.	$IP_6^2 \geq 98\%$

According to GEO 109/2011 on corporate governance of public enterprises, as further amended and supplemented, the financial and non-financial performance indicators for 2021-2025 presented above are sent to the Ordinary General Meeting of the Shareholders of SNTGN Transgaz SA for approval.

**CHAIRMAN OF THE BOARD OF ADMINISTRATION**

**PETRU ION VĂDUVA**