



SOCIETATEA NAȚIONALĂ DE TRANSPORT GAZE NATURALE "TRANSGAZ" SA MEDIAȘ

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Submitted for analysis and approval in the OGMS dated 19.12.2017

REPORT

On the approval by the General Meeting of the Shareholders Of the financial and non-financial performance key indicators

SUMMARY

The report was endorsed in the BoA meeting dated 16.10.2017.

Measurement of the performance of the public enterprise is a process of improvement of the activities carried out and the use of the resources employed in order to efficiently fulfil the strategic objectives undertaken by the administrators and management through the Company's Plan of Administration, which includes the administration component, the management component and the financial and non-financial key performance indicators for the calculation of the variable component of remuneration.

The strategic objectives included in the Plan of Administration of the Company for 2017-2021 are correlated with the Letter of Expectations of the majority shareholder, the Romanian State, through the Ministry of Economy, and with those of the other shareholders, and aim at increasing the Company's performance, streamlining the Company's business, its strategic redefinition in line with the requirements of modern performance and competitiveness standards and the transformation of TRANSGAZ in an internationally recognized Company, a leader in the energy market in the region, making the best use of all existing and future opportunities for Romania to become an important gas energy corridor to Europe.

The financial and non-financial key performance indicators for the calculation of the variable component of remuneration are defined according to the provision/criteria established in Chapter II, Section I – *Methodology for establishing financial and non-financial performance key indicators and of the variable component of remuneration* of GR 722/28.09.2016 on the approval of the Implementation rules for the application of some of the provisions of GEO 109/2011 on the corporate governance of public enterprises.

PROPOSAL

According to Chapter IV, Art 15 (3) (a1) of the updated Articles of Incorporation, to GEO 109/2011, as further amended and supplemented - Art.30 (3), (4) and (5), we submit for the approval of the General Meeting of the Shareholders the financial and non-financial key performance indicators.

Detailed content

Measurement of the performance of the public enterprise is a process of improvement of the activities carried out and the use of the resources employed in order to efficiently meet the strategic objectives undertaken by the administrators and management through the Company's Plan of Administration, which includes the administration component, the management component and the key financial and non-financial performance indicators for the calculation of the variable component of remuneration.

The Plan of Administration of SNTGN Transgaz SA for 2017-2021 is governed by a responsible, professional and ethical attitude towards all stakeholders (shareholders, employees, partners, community, authorities and institutions of the state, the media, etc.) and includes the concrete measures by which Transgaz management will act to achieve these objectives and the achievement of the financial and non-financial performance indicators, in line with the strategic vision of the administrators regarding the directions of strategic redefinition and efficiency of the company.

The strategic objectives included in the Plan of Administration of the Company for 2017-2021 are correlated with the Letter of Expectations of the majority shareholder, the Romanian State, through the Ministry of Economy, and with those of the other shareholders, and aim at increasing the Company's performance, streamlining the Company's business, its strategic redefinition in line with the requirements of modern performance and competitiveness standards and the transformation of TRANSGAZ in an internationally recognized Company, a leader in the energy market in the region, making the best use of all existing and future opportunities for Romania to become an important gas energy corridor to Europe.

The financial and non-financial key performance indicators for the calculation of the variable component of remuneration are defined according to the provision/criteria established in Chapter II, Section I – *Methodology for establishing financial and non-financial performance key indicators and of the variable component of remuneration* of GR 722/28.09.2016 on the approval of the Implementation rules for the application of some of the provisions of GEO 109/2011 on the corporate governance of public enterprises.

Since performance matters in the endeavours to achieve excellence, the Board of Administration of SNTGN Transgaz SA considered at establishing the performance criteria and objectives SMART performance indicators to measure the activity, profitability and productivity, efficiency of quantitative and qualitative objectives proposed, and to express the strategic direction for Company development and its dynamics between 2017 and 2021.

The performance indicators identified by the Company and included in the Plan of Administration of the Company for 2017-2021 are:

A. ECONOMIC AND FINANCIAL PERFORMANCE INDICATORS – Standard performance indicators	
Commissioned investments	
EBITDA	
Labour productivity	
Outstanding payments	
Overdue receivables	
Technological consumption	
OPEX at RON 1000 operating revenue	
Profitability indicators	
Liquidity indicators	
Risk indicators	
Management indicators	
B. PERFORMANCE INDICATORS - Performance indicators for the calculation of the variable component of remuneration	
FINANCIAL	NON-FINANCIAL
1. Outstanding payments	1. Monitoring of investment and implementation strategy
	2. Increase of energy efficiency
2.OPEX (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges)	3. Performance indicators of the gas transmission service
	4. Implementation of internal/management control system
	5. Client satisfaction
3. Current ratio –Acid test	6. Establishing risk management policies and risk monitoring
	7. Timely reporting of the Company's performance indicators

	8. Request to revise the Company's performance indicators
	9. Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans
	10. Reducing vulnerabilities and risks of fraud and corruption (developing and observing anti-bribery policy)
4. Net leverage ratio	11. Consolidation of fight against corruption through criminal and administrative means
5. EBITDA	

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

No.	Group of indicators acc. to GR 722/ 2016 Annex 2b	PERFORMANCE INDICATORS	PERFORMANCE TARGET
A	KEY FINANCIAL INDICATORS		
1.	Cash flows	Outstanding payments	Maintaining outstanding payments at the zero level
2	Costs	OPEX (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges)	Maintaining OPEX level (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges) at the level undertaken in the Plan of Administration.
3	Debt	Quick ratio Acid test	Quick ratio (acid test) to have annual values above 1.
4		Net leverage ratio	Maintaining net leverage ratio below the limit set for obtaining bank financing: 3 – 2017; 3- 2018; 5,5 –2019; 5,5-2020; 4-2021
5	Revenue	EBITDA	Achievement of Plan of administration EBITDA target
B	KEY NON-FINANCIAL PERFORMANCE INDICATORS		
1	Operational	Investment and implementation strategy	Implementation of FID (Final Investment Decision) projects under the TYNDP
2		Increase of energy efficiency	Maintaining the share of technological consumption in the total gas circulated below 1%.
3	Public services oriented	Performance indicators of the gas transmission service	Achievement of targets set in the Gas Transmission System Service Performance Standard (ANRE Order 161/26.11.2015 applicable as of 1 October 2016)
4	Corporate governance	Implementation of internal/management control system	Implementation of SGG Order 400/2015 on the approval of the internal/management control code of the public entities, as further supplemented.
5		Client satisfaction	Meeting the targets set in the Plan of Administration (according to PP 165 Client

			Satisfaction Assessment, a 6-8 score means that the services provided appropriately satisfied the requirements of the clients)
6		Establishing risk management policies and risk monitoring	Achievement of measures set by the Plan of Administration
7		Timely reporting of the Company's performance indicators	Compliance with the legal reporting deadlines
8		Request to revise the Company's performance indicators	Revision of the Company's performance indicators within 60 days from finding of revision necessity
9		Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans	Compliance with the measures set by the Integrity Plan approved
10		Reducing vulnerabilities and risks of fraud and corruption (developing and observing anti-bribery policy)	Compliance with the measures set by the Integrity Plan approved
11		Consolidation of fight against corruption through criminal and administrative means	Compliance with the measures set by the Integrity Plan approved

Table 1 – Performance criteria and targets for the calculation of the annual variable component of remuneration

II. Target values of key performance indicators set in the 2017-2021 Plan of Administration of SNTGN Transgaz SA

II.1 Key financial performance indicators

No	Indicator	Target	Achieved 2016	2017	2018	2019	2020	2021	Verification instrument
1	Outstanding payments	Maintaining outstanding payments at the zero level.	0	0	0	0	0	0	ANAF financial reporting Form F30-Informative Data
2	OPEX (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges) (RON thousand)	Maintaining OPEX level at the level undertaken in the Plan of Administration.	811.576	952.321	879.437	901.149	931.757	968.346	Audited annual financial statements

No	Indicator	Target	Achieved 2016	2017	2018	2019	2020	2021	Verification instrument
3	Current ratio –Acid test	Quick ratio (acid test) to have annual values above 1.	4,82	1	1	1	1	1	Audited statement of financial position
4	Net leverage ratio	Maintaining net leverage ratio below the limit set for obtaining bank financing: 3 –2017; 3- 2018; 5,5 –2019; 5,5 - 2020; 4-2021	0	3	3	5,5	5,5	4	Audited annual financial statements
5	EBITDA (RON thousand)	Achievement of Plan of administration EBITDA target	902.296	565.892	464.454	641.253	731.367	1.015.013	Audited annual financial statements

I.2 Key non-financial performance indicators

No.	Indicator	Target	2017	2018	2019	2020	2021	Verification instrument
Operational								
6	Investment and implementation strategy	Achievement of major projects proposed in the TYNDP <i>I</i> = achieved (+initiated actions)/proposed actions	Measures proposed in the TYNDP approved by ANRE					TYNDP approved by ANRE
7	Increase of energy efficiency	Maintaining the share of technological consumption in the total gas circulated below 1%.	1	1	1	1	1	Plan of Administration
Public services oriented								
8	Performance indicators of the gas transmission service	Achievement of targets set in the Gas Transmission System Service Performance Standard (ANRE Order 161/26.11.2015 applicable as of 1 October 2016)	See Annex 1 $IP_0^1 \geq 90\%, IP_1^1 \geq 95\%, IP_1^2 \geq 95\%, IP_1^3 \geq 95\%, IP_1^4 \geq 95\%, IP_1^5 \geq 95\%, IP_2^1 \geq 95\%, IP_2^2 \geq 95\%, IP_3^1 \geq 95\%, IP_3^2 \geq 95\%, IP_3^3 \geq 95\%, IP_3^4 \geq 95\%, IP_4^1 \geq 95\%, IP_5^1 \geq 98\%, IP_5^2 \geq 98\%, IP_6^1 \geq 98\%, IP_6^2 \geq 98\%, IP_7^1 \geq 80\%, IP_8^1 \geq 98\%, IP_8^2 \geq 98\%, IP_9^1 \geq 90\%$					Report acc. to ANRE Order 161/26.11.2015 (presented in the annex)
Corporate governance								
9	Implementation of internal/management control system	Implementation of SGG Order 400/2015 on the approval of the internal/management control code of the public entities, as further supplemented.	94%	94%	94%	94%	100%	Annual SCIM self-assessment report (prepared acc. to the Order)

		<i>I = implemented standards/ standards established by Order 400/2015*100 Achievement of measures under the SCIM Implementation Plan I = achieved measures/proposed measures *100</i>						
9.1	Client satisfaction	<i>Meeting the targets set in the Plan of Administration (according to PP 165 Client Satisfaction Assessment, a 6-8 score means that the services provided appropriately satisfied the requirements of the clients)</i>	7,7	7,8	7,9	8	8	Annual client satisfaction assessment report
9.2	Establishing risk management policies and risk monitoring	<i>Meeting the targets set in the Plan of Administration on the implementation of Standard 8 of SGG Order 400/2015 on the approval of the public entities internal/management control code, as further supplemented.</i>	100%	100%	100%	100%	100%	Annual risk management report (prepared acc. to the Order)
10	Timely reporting of the Company's performance indicators	<i>Compliance with the legal reporting deadlines I = actual reporting deadlines/foreseen reporting deadlines *100</i>	100%	100%	100%	100%	100%	Annual reporting calendar
10.1	Request to revise the Company's performance indicators	<i>Request to revise the Company's performance indicators within 60 days from finding of revision necessity I = no. of indicators requested to be revised in foreseen time/total no. of indicators requested to be revised</i>	100%	100%	100%	100%	100%	GMS convening
11	Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans	<i>Compliance with the measures set by the Integrity Plan approved I = achieved measures/proposed measures*100</i>	100%	100%	100%	100%	100%	Integrity Plan approved
12	Reducing vulnerabilities and risks of fraud and corruption (developing and observing anti- bribery policy)	<i>Compliance with the measures set by the Integrity Plan approved I = achieved measures/proposed measures *100</i>	100%	100%	100%	100%	100%	Integrity Plan approved

13	Consolidation of fight against corruption through criminal and administrative means	Compliance with the measures set by the Integrity Plan approved $I = \frac{\text{achieved measures}}{\text{proposed measures}} * 100$	100%	100%	100%	100%	100%	Integrity Plan approved
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III. Description of key performance indicators

B. Key performance indicators for the calculation of the variable component of remuneration

B.1 Key financial performance indicators

B.1.1 Outstanding payments

Indicator: Outstanding payments

Target value: Maintaining outstanding payments at the zero level

Description: In the context of the implementation of one of the most extensive and important gas transmission infrastructure development plans, it is intended to provide the necessary financial sources for compliance with the payment terms stipulated in the contracts

Modality of verification: ANAF financial reporting Form F30-Informative Data

Indicator formula: *Outstanding payments value in Form F 30.*

Modality of calculation: For the RON 0 value of the indicator the achievement degree is 100%. The degree of achievement of the indicator diminishes according to the formula: $\text{indicator value} / 10.000.000 \text{ RON} * 5\%$

B.1.2 OPEX (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges)

Indicator: OPEX (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges)

Target value: **Maintaining OPEX level** (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges) **at the level undertaken in the Plan of Administration.**

Description: Reducing OPEX has an impact on reducing gas transmission tariffs.

Modality of verification: Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income and Notes to the financial statements

Indicator formula: *OPEX before the balancing and construction activity according to IFRIC12 - (cost of depreciation + cost of provisions for asset depreciation + cost of provisions for risks and charges).*

Modality of calculation: The degree of achievement of the indicator decreases proportionally to the percent of exceedance of the indicator established in the Plan of Administration.

B.1.3 Quick ratio (acid test)

Indicator: Quick ratio (acid test)

Target value: *Quick ratio (acid test) to have annual values above 1.*

Description: Measures the ability of the company to pay short-term debts by using highly liquid assets in the balance sheet

Modality of verification: Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income.

Indicator formula: *(current assets - stocks) / current liabilities*

Modality of calculation: For values lower than 1 the degree of achievement of the indicator decreases proportionally.

B.1.4 Net leverage ratio

Indicator: Net leverage ratio

Target value: Maintaining net leverage ratio below the limit set for obtaining bank financing: 3 –2017; 3- 2018; 5,5 –2019; 5,5 -2020; 4-2021

Description: In the context of the implementation of one of the largest and most important development programs of the gas transport infrastructure, the leverage of the company must be kept within limits that do not affect the financial balance of the company.

Modality of verification: Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income

Indicator formula: $(\text{short-term borrowings} + \text{long-term borrowings})/\text{EBITDA}$

Modality of calculation: The degree of achievement of the indicator decreases proportionally with the indicator exceeding percent established in the Plan of Administration.

B.1.3 EBITDA

Indicator: EBITDA

Target value: Achievement of Plan of administration EBITDA target

Description: Ensuring internal financial source for supporting strategic investment projects.

Modality of verification: Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law - Statement of comprehensive income and Notes to the financial statements

Indicator formula: $\text{revenue before the balancing and construction activity according IFRIC12} - (\text{OPEX before the balancing and construction activity according to IFRIC12} - \text{depreciation})$.

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $\text{achieved EBITA} / \text{Plan of Administration EBITA} * 100$.

B.2 Key non-financial performance indicators

B.2.1 Operational

B.2.1.1 Investment and implementation strategy

Indicator: Investment strategy

Target value: Implementation of FID projects under the TYNDP

Description: Monitoring major projects

Modality of verification: TYNDP approved by ANRE

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $\text{achieved actions} / \text{planned actions} * 100$

B.2.1.2 Increase of energy efficiency

Indicator: Technological consumption

Target value: Maintaining the share of technological consumption in the total gas circulated below 1%

Description: Monitoring technological consumption and maintaining within the level established by the Plan of Administration

Modality of verification: Gas balance

Indicator formula: $\text{Quantity of gas representing technological consumption} / \text{total gas quantity circulated} * 100$

Modality of calculation: The degree of achievement of the indicator decreases proportionally with the values exceeding percent established in the Plan of Administration.

B.2.2 Client oriented

B.2.2.1 Performance indicators of the gas transmission service

Indicator: Performance indicators of the gas transmission service

Target value: Achievement of targets set in the Gas Transmission System Service Performance Standard (ANRE Order 161/26.11.2015 applicable as of 1 October 2016)

Description: See Annex 1

Modality of verification: Report prepared by Transgaz according to ANRE Order 161/26.11.2015

Indicator formula: See Annex 1

Modality of calculation: The degree of achievement of the indicator decreases proportionally with the values non-achievement percent established in the Plan of Administration.

B.2.3 Corporate governance

B.2.3.1 Implementation of internal/management control system

Indicator: Implementation of internal/management control system

Target value: Achievement of measures under the SCIM Implementation Plan

Description: Implementation of SGG Order 400/2015 on the approval of the internal/management control code of the public entities, as further supplemented

Modality of verification: SCIM Implementation Plan approved

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $I = \text{achieved measures} / \text{proposed measures} * 100$

B.2.3.2 Client satisfaction

Indicator: Client satisfaction

Target value: Meeting the targets set in the Plan of Administration

Description: According to PP 165 Client Satisfaction Assessment, a 6-8 score means that the services provided appropriately satisfied the requirements of the clients

Modality of verification: Annual client satisfaction assessment report

Indicator formula: According to process procedure PP-165

Modality of calculation: The degree of achievement of the indicator decreases proportionally with the values non-achievement percent established in the Plan of Administration.

B.2.3.3 Establishing risk management policies and risk monitoring

Indicator: Establishing risk management policies and risk monitoring

Target value: Meeting the targets set in the Plan of Administration

Description: Implementation of Standard 8 of SGG Order 400/2015 on the approval of the public entities internal/management control code, as further supplemented.

Modality of verification: Annual risk management report (prepared acc. to SGG Order 400/2015)

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $I = \text{achieved measures} / \text{proposed measures} * 100$

B.2.3.4 Timely reporting and establishing of the Company's performance indicators

Indicator: Timely reporting and establishing of the Company's performance indicators

Target value: Compliance with the legal reporting deadlines

Description: Monitoring the reporting calendar for compliance with the deadlines.

Modality of verification: Date of actual transmission of reporting/calendar planned date/normative /administrative act of reporting

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $I = \text{reporting within the established periods of time} / \text{total no. of reporting} * 100$

B.2.3.5 Request to revise the Company's performance indicators

Indicator: Request to revise the Company's performance indicators

Target value: Revision of the Company's performance indicators within 60 days from finding of revision necessity

Description: Revision of the Company's performance indicators

Modality of verification: GMS Convening

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $I = \text{no. of indicators requested to be revised in foreseen time} / \text{total no. of indicators requested to be revised}$

B.2.3.6 Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans

Indicator: Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans

Target value: Compliance with the measures set by the Integrity Plan approved

Description: Achievement of measures in the Integrity Plan

Modality of verification: *Integrity Plan approved*

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $I = \text{achieved measures} / \text{proposed measures} * 100$

B.2.3.7 Reducing vulnerabilities and risks of fraud and corruption (developing and observing anti-bribery policy)

Indicator: Reducing vulnerabilities and risks of fraud and corruption (developing and observing anti-bribery policy)

Target value: Compliance with the measures set by the Integrity Plan approved

Description: Achievement of measures in the Integrity Plan

Modality of verification: *Integrity Plan approved*

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $I = \text{achieved measures} / \text{proposed measures} * 100$

B.2.3.8 Consolidation of fight against corruption through criminal and administrative means

Indicator: Consolidation of fight against corruption through criminal and administrative means

Target value: Compliance with the measures set by the Integrity Plan approved

Description: Achievement of measures in the Integrity Plan

Modality of verification: *Integrity Plan approved*

Modality of calculation: The degree of achievement of the indicator is calculated by the formula: $I = \text{achieved measures} / \text{proposed measures} * 100$

IV. Annex 1

Gas transmission service performance indicators – according to ANRE Order 161/26.11.2015 applicable as of 1 October 2016

Indicator formula of calculation	Definition of terms in the formula	Target
IPO Recording of requests/complaints regarding the gas transmission service		
$IP_0^1 = \frac{N_{T0} + N_{T2}}{N_{mreg} - N_{clasate}} \times 100 \%$	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);	$IP_0^1 \geq 90\%$

Indicator formula of calculation	Definition of terms in the formula	Target
	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).	
IP1 Compliance with the gas delivery-acceptance conditions		
$IP_1^1 = \frac{N_{Rparametrii10}}{N_{TRparametrii} - N_{RCLparametrii}} \times 100\%$	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.	$IP_1^2 \geq 95\%$
$IP_1^3 = \frac{N_{Rcalitate15}}{N_{TRcalitate} - N_{RCLcalitate}} \times 100\%$	a) $N_{Rcalitate15}$ – no. of requests/complaints regarding gas quality, requests/complaints answered/solved within less than 15 days from registration; b) $N_{TRcalitate}$ – total no. of received requests/complaints regarding gas quality; c) $N_{RCLcalitate}$ – total no. of classified requests/complaints regarding gas quality.	$IP_1^3 \geq 95\%$
$IP_1^4 = \frac{N_{Rmasurare15}}{N_{TRmasurare} - N_{RCLmasurare}} \times 100\%$	a) $N_{Rmasurare15}$ – no. of requests/complaints regarding gas metering answered/solved within less than 15 days from registration; b) $N_{TRmasurare}$ – total no. of received requests/complaints regarding gas metering; c) $N_{RCLmasurare}$ – total no. of classified requests/complaints regarding gas metering.	$IP_1^4 \geq 95\%$

Indicator formula of calculation	Definition of terms in the formula	Target
$IP_1^5 = \frac{N_{Vm\ddot{a}surare2}}{N_{TRm\ddot{a}surare} - N_{RCLm\ddot{a}surare}} \times 100\%$	a) $N_{Vm\ddot{a}surare2}$ – no. of verified gas metering systems/devices at the place of operation, within less than 2 working days from request/complaint registration; b) $N_{TRm\ddot{a}surare}$ – total no. of received requests/complaints regarding gas metering; c) $N_{RCLm\ddot{a}surare}$ – total no. of classified requests/complaints regarding gas metering	$IP_1^5 \geq 95\%$
IP2 Transmission system access		
$IP_2^1 = \frac{N_{acces}}{N_{TCacces}} \times 100\%$	a) N_{acces} – no. of transmission system access approvals or denials issued within a shorter period of time than foreseen by the applicable gas law; b) $N_{TCacces}$ – total no. of received requests for transmission system access.	$IP_2^1 \geq 95\%$
$IP_2^2 = \frac{N_{Racces15}}{N_{TRacces} - N_{RCLacces}} \times 100\%$	a) $N_{Racces15}$ – total no. of requests/complaints regarding transmission system access, answered/solved within less than 15 days from registration; b) $N_{TRacces}$ – total no. of received requests/complaints regarding transmission system access; c) $N_{RCLacces}$ – total no. of classified requests/complaints regarding transmission system access.	$IP_2^2 \geq 95\%$
IP3 Connection to the transmission system		
$IP_3^1 = \frac{N_{racordare}}{N_{TCracordare}} \times 100\%$	a) $N_{racordare}$ – no. of technical transmission system connection approvals and refusals, issued within a shorter period of time than foreseen by the applicable gas law; b) $N_{TCracordare}$ – total no. of received transmission system connection.	$IP_3^1 \geq 95\%$
$IP_3^2 = \frac{N_{Rracordare15}}{N_{TRracordare} - N_{RCLracordare}} \times 100\%$	a) $N_{Rracordare15}$ – no. of requests/complaints regarding transmission system connection, requests/complaints answered/solved by the TSO within less than 15 days from registration; b) $N_{TRracordare}$ – total no. of received requests/complaints regarding transmission system connection; c) $N_{RCLracordare}$ – total no. of classified requests/complaints regarding transmission system connection.	$IP_3^2 \geq 95\%$

Indicator formula of calculation	Definition of terms in the formula	Target
$IP_3^3 = \frac{N_{IR}}{N_{TIR}} \times 100 \%$	a) N_{IR} – no. of commissioned connection installations within a shorter period of time than foreseen in the connection contract; b) N_{TIR} – total no. of commissioned connection installations.	$IP_3^3 \geq 95\%$
$IP_3^4 = \frac{N_{Rperpif15}}{N_{TRperpif} - N_{RCLperpif}} \times 100\%$	a) $N_{Rperpif15}$ - no. of requests/complaints regarding the designing, execution, acceptance and/or commissioning of the connection installation, requests/complaints answered/solved by the TSO within less than 15 days from registration; b) $N_{TRperpif}$ - total no. of received requests/complaints regarding the designing, execution, acceptance and/or commissioning of the connection installation; c) $N_{RCLperpif}$ - total no. of classified requests/complaints regarding the designing, execution, acceptance and/or commissioning of the connection installation.	$IP_3^4 \geq 95\%$
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;	$IP_5^2 \geq 98\%$

Indicator formula of calculation	Definition of terms in the formula	Target
	b) $N_{Uafecta\grave{t}i}$ - total no. of transmission system users affected by the unplanned interruption.	
IP6 Notification of planned limitations and/or interruptions and resuming of gas transmission service		
$IP_6^1 = \frac{N_{U5}}{N_{Uafecta\grave{t}i}} \times 100\%$	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) $N_{Uafecta\grave{t}i}$ - total no. of transmission system users affected.	$IP_6^1 \geq 98\%$
$IP_6^2 = \frac{N_{Ureluare}}{N_{Uafecta\grave{t}i}} \times 100\%$	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) $N_{Uafecta\grave{t}i}$ - total no. of transmission system users affected by the unplanned interruption.	$IP_6^2 \geq 98\%$
IP7 Solving requests/complaints regarding the gas transmission service, different from those treated individually in this standard		
$IP_7^1 = \frac{N_{SSR30}}{N_{TSSR} - N_{SSRclasate}} \times 100\%$	a) N_{SSR30} - no. of requests/complaints, different from those treated individually in this standard, answered/solved within less than 30 days from registration; b) N_{TSSR} - total no. of received requests/complaints, different from those treated individually in this standard; c) $N_{SSRclasate}$ - total no. of classified requests/complaints, different from those treated individually in this standard.	$IP_7^1 \geq 80\%$
IP8 Free toll phone		
$IP_8^1 = \frac{N_{Atimp60}}{N_{Atotal}} \times 100\%$	a) $N_{Atimp60}$ - no. of emergency calls with a waiting time below 60 seconds; b) N_{Atotal} - total no. of received emergency calls.	$IP_8^1 \geq 98\%$
$IP_8^2 = \frac{N_{ASC6}}{N_{ASCtotal}} \times 100\%$	a) N_{ASC6} - no. of emergency calls regarding gas leaks, with the deployment of the emergency team within less than 6 hours from receipt of call; b) $N_{ASCtotal}$ - total no. of received emergency calls regarding gas leaks.	$IP_8^2 \geq 98\%$
IP9 Meeting payment obligations regarding compensations due acc. to the performance standard for the gas transmission service		
$IP_9^1 = \frac{N_{comp30}}{N_{TCcomp}} \times 100\%$	a) N_{comp30} - no. of compensations paid within less than 30 days from request registration; b) N_{TCcomp} - total no. of received requests regarding compensation payment.	$IP_9^1 \geq 90\%$

According to **GEO 109/2011** on the corporate governance of public enterprises, as further amended and supplemented, **the performance indicators for the calculation of the variable component remuneration as presented above must be approved by the general meeting of the shareholders.**

If following negotiation the financial and non-financial performance indicators are amended, the Audit and Rating Committee will take all necessary measures to revise them according to the general meeting of the shareholders approval.

**Chairman of the meeting
Petru Ion Văduva**